

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

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## Interim Report for the Period Ended 30 June 2022

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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 - 118
Certification of Financial Statements	119

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

## INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A3	143,785	154,714	143,785	154,714
Deposits and placements with banks and other financial institutions	A4	4,194	36,891	4,194	36,891
Gold depository		115,665	103,554	115,665	103,554
Debt instruments at FVOCI	A5	3,050,776	3,137,512	3,050,776	3,137,512
Financing, advances and other receivables	A6	3,553,608	3,669,301	3,553,608	3,669,301
Other assets	A7	116,897	120,304	116,897	120,304
Hedging financial instruments	A8	10,821	5,805	10,821	5,805
Statutory deposits with Bank Negara Malaysia		35	2	35	2
Investment in subsidiaries		-	-	10,200	10,200
Right of use of assets	A9	55,690	61,097	55,690	61,097
Property and equipment		7,890	8,248	7,890	8,248
Intangible assets		13,913	16,773	13,913	16,773
Deferred tax assets		81,005	52,208	81,005	52,208
		<b>7,154,279</b>	<b>7,366,409</b>	<b>7,164,479</b>	<b>7,376,609</b>
<b>LIABILITIES</b>					
Deposits from customers	A10	3,589,432	3,915,548	3,605,379	3,931,455
Investment accounts of customers	A12	4,227	5,550	4,227	5,550
Deposits and placements of banks and other financial institutions	A11	1,769,874	1,588,714	1,769,874	1,588,714
Hedging financial instruments	A8	9,974	5,517	9,974	5,517
Lease Liabilities	A9	59,290	64,547	59,290	64,547
Other liabilities	A13	87,050	86,366	87,003	86,359
		<b>5,519,847</b>	<b>5,666,242</b>	<b>5,535,747</b>	<b>5,682,142</b>
<b>SHAREHOLDER'S EQUITY</b>					
Share capital	A14	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		209,160	274,895	203,460	269,195
		<b>1,634,432</b>	<b>1,700,167</b>	<b>1,628,732</b>	<b>1,694,467</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
		<b>7,154,279</b>	<b>7,366,409</b>	<b>7,164,479</b>	<b>7,376,609</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	A21	<b>1,187,235</b>	<b>1,070,200</b>	<b>1,187,235</b>	<b>1,070,200</b>
<b>CAPITAL ADEQUACY</b>					
Common Equity Tier I/ Tier I Capital Ratio	A22	<b>37.958%</b>	38.502%	<b>37.438%</b>	38.004%
Total Capital Ratio	A22	<b>39.063%</b>	39.615%	<b>38.540%</b>	39.114%
<b>NET ASSETS PER SHARE (RM)</b>					
		<b>1.15</b>	1.19	<b>1.14</b>	1.19

*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

<u>Group</u>	Note	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b><u>Continuing Operations</u></b>					
Operating revenue		84,239	99,679	175,274	193,941
Income derived from investment of depositors' funds and others	A15	62,523	76,647	131,159	150,067
Income derived from investment of investment account funds	A19	21	29	44	59
Income derived from investment of shareholder's equity	A16	21,695	23,003	44,071	43,815
Total gross income		84,239	99,679	175,274	193,941
Credit loss (charge)/writeback on financial assets	A17	(11,671)	(6,430)	(24,803)	(24,106)
Total distributable income		72,567	93,249	150,471	169,834
Income attributable to the depositors	A18	(25,416)	(32,684)	(50,079)	(64,296)
Profit distributed to investment account holders	A19	(13)	(17)	(26)	(35)
Total net income		47,138	60,548	100,366	105,503
Personnel expenses		(13,345)	(14,088)	(27,122)	(29,103)
Other overheads and expenditures		(22,608)	(15,894)	(45,361)	(34,150)
Profit before zakat and taxation		11,185	30,566	27,883	42,250
Taxation		(456)	(7,108)	(603)	(10,088)
Net profit for the period		10,729	23,458	27,280	32,162
<b><u>Discontinued Operations</u></b>					
Loss before zakat and taxation from discontinued operations	A20	-	(3)	-	(87)
<b>Net profit for the period</b>		10,729	23,455	27,280	32,075
Attributable to:					
Equity holders of the Bank		10,729	23,455	27,280	32,075
Earnings per share attributable to equity holders of the Bank - Basic/Diluted (sen)		0.75	1.65	1.91	2.25

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

# KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group</b>				
Net profit for the period	10,729	23,455	27,280	32,075
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised loss on securities held at FVOCI	(73,497)	39,662	(115,317)	(110,053)
- Net realised gain on securities held at FVOCI reclassified to the income statement	(139)	(18,725)	(8,544)	(18,725)
- Changes in allowance for expected credit losses	1,153	-	1,153	-
Exchange differences on translation of foreign operations:				
Net (loss)/gain taken to equity	-	62	-	537
Income tax relating to components of other comprehensive income	17,674	(5,402)	29,693	30,214
Other comprehensive income for the period, net of tax	(54,809)	15,597	(93,015)	(98,027)
Total comprehensive income for the period	(44,080)	39,051	(65,735)	(65,952)
Total comprehensive income for the period attributable to equity holders of the Bank	(44,080)	39,051	(65,735)	(65,952)

*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

<b>Bank</b>	<b>Note</b>	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating revenue		<b>84,239</b>	99,679	<b>175,274</b>	193,941
Income derived from investment of depositors' funds and others	A15	<b>62,523</b>	76,647	<b>131,159</b>	150,067
Income derived from investment of investment account funds	A19	<b>21</b>	29	<b>44</b>	59
Income derived from investment of shareholder's equity	A16	<b>21,695</b>	23,003	<b>44,071</b>	43,815
Total gross income		<b>84,239</b>	99,679	<b>175,274</b>	193,941
Credit loss (charge)/writeback on financial assets	A17	<b>(11,671)</b>	(6,430)	<b>(24,803)</b>	(24,106)
Total distributable income		<b>72,567</b>	93,250	<b>150,471</b>	169,834
Income attributable to the depositors	A18	<b>(25,416)</b>	(32,684)	<b>(50,079)</b>	(64,296)
Profit distributed to investment account holders	A19	<b>(13)</b>	(17)	<b>(26)</b>	(35)
Total net income		<b>47,138</b>	60,549	<b>100,366</b>	105,503
Personnel expenses		<b>(13,345)</b>	(14,088)	<b>(27,122)</b>	(29,103)
Other overheads and expenditures		<b>(22,608)</b>	(15,894)	<b>(45,361)</b>	(34,150)
Profit before zakat and taxation		<b>11,185</b>	30,566	<b>27,883</b>	42,250
Taxation		<b>(456)</b>	(7,108)	<b>(603)</b>	(10,088)
Net profit for the period		<b>10,729</b>	23,458	<b>27,280</b>	32,162

*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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(Incorporated in Malaysia)

## INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Bank</b>				
Net profit for the period	10,729	23,458	27,280	32,162
Other comprehensive income/(loss):				
Debt securities at FVOCI:				
- Net unrealised loss on securities held at FVOCI	(73,497)	39,662	(115,317)	(110,053)
- Net realised gain on securities held at FVOCI reclassified to the income statement	(139)	(18,725)	(8,544)	(18,725)
- Changes in allowance for expected credit losses	1,153	-	1,153	-
Income tax relating to components of other comprehensive income	17,674	(5,402)	29,693	30,214
Other comprehensive income for the period, net of tax	(54,809)	15,535	(93,015)	(98,564)
Total comprehensive income for the period	(44,080)	38,993	(65,735)	(66,402)

*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
<b>Group</b>						
<b>At 1 January 2022</b>	1,425,272	207,491	3,798	39,965	23,641	1,700,167
Total comprehensive income	-	-	-	(93,015)	27,280	(65,735)
Transfer to statutory reserve	-	-	-	-	-	-
<b>At 30 June 2022</b>	<b>1,425,272</b>	<b>207,491</b>	<b>3,798</b>	<b>(53,050)</b>	<b>50,921</b>	<b>1,634,432</b>
<b>At 1 January 2021</b>	1,425,272	170,648	3,261	191,502	(13,116)	1,777,567
Total comprehensive income	-	-	537	(151,537)	73,600	(77,400)
Transfer to statutory reserve	-	36,843	-	-	(36,843)	-
<b>At 31 December 2021</b>	<b>1,425,272</b>	<b>207,491</b>	<b>3,798</b>	<b>39,965</b>	<b>23,641</b>	<b>1,700,167</b>
<b>Bank</b>						
<b>At 1 January 2022</b>	1,425,272	207,491	-	39,965	21,739	1,694,467
Total comprehensive income	-	-	-	(93,015)	27,280	(65,735)
Transfer to statutory reserve	-	-	-	-	-	-
<b>At 30 June 2022</b>	<b>1,425,272</b>	<b>207,491</b>	<b>-</b>	<b>(53,050)</b>	<b>49,019</b>	<b>1,628,732</b>
<b>At 1 January 2021</b>	1,425,272	170,648	-	191,502	(15,105)	1,772,317
Total comprehensive income	-	-	-	(151,537)	73,687	(77,850)
Transfer to statutory reserve	-	36,843	-	-	(36,843)	-
<b>At 31 December 2021</b>	<b>1,425,272</b>	<b>207,491</b>	<b>-</b>	<b>39,965</b>	<b>21,739</b>	<b>1,694,467</b>

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

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(200401033666)

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## INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group and Bank	
	30-Jun 2022 RM'000	30-Jun 2021 RM'000
Profit before zakat and taxation	27,883	42,250
Adjustments for non-cash items	29,633	36,534
Operating profit before changes in working capital	57,517	78,784
<u>Changes in the working capital</u>		
Net changes in operating assets	50,206	162,770
Net changes in operating liabilities	(119,637)	(276,341)
Net cash generated from operating activities	(69,431)	(113,571)
Net purchases of assets	(32,804)	206,346
Net cash used in investing activities	(32,804)	206,346
Net change in cash and cash equivalents	(44,718)	171,559
Cash and cash equivalents at beginning of the period	192,696	68,275
Cash and cash equivalents at end of the period	147,979	239,834

*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 net profit of RM27.3 million for the period ended 30 June 2022.

**A2 OUTLOOK FOR 2022**

The Malaysian economy is expected to expand between 5.0% to 6.3% in 2022. The country's strong economic fundamentals and well-diversified economy will help to support its economic growth as well as driven by the positive spillovers from continued improvements in external demand, but again depending on the pandemic situation.

Nevertheless, the monetary policy is expected to remain supportive of economic growth whilst ensuring price stability in 2022. Inflation dynamics are also expected to favour a more accommodative monetary policy stance for Malaysia going into 2022.

Further resumption of economic activities, continued policy support and strength of external demand will be the major factors affecting the Malaysian economy in 2022. However, the risk related to Covid-19, financial markets stability and supply chain disruptions will be the key challenges affecting global economic situations. Despite a challenging domestic and external environment, the Malaysian economy is likely to remain positive in 2022.

**A3 Cash and short term funds**

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Cash and balance with banks and other financial institutions	32,938	34,761
Money at call and interbank placement with remaining maturity less than one month	111,965	120,013
	<b>144,903</b>	154,774
Less : ECL allowance	<b>(1,118)</b>	(60)
	<b>143,785</b>	154,714

Included in money at call and interbank placements is a balance of RM111.2 million in a correspondent account maintained with an international bank in the United States of America that is restricted (no withdrawal allowed) following an ongoing litigation.

**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-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	144,903	-	-	144,903
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	144,903	-	-	144,903
<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	154,774	-	-	154,774
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	154,774	-	-	154,774

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

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

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

<b>30 June 2022 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2022</b>	154,774	-	-	154,774
New financial assets originated or purchased	9,444	-	-	9,444
Financial assets that have matured	(19,315)	-	-	(19,315)
<b>Gross carrying amount as at 30 June 2022</b>	<b>144,903</b>	<b>-</b>	<b>-</b>	<b>144,903</b>

<b>30 June 2022 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2022</b>	60	-	-	60
Allowance made during the year	1,058	-	-	1,058
<b>ECL allowance as at 30 June 2022</b>	<b>1,118</b>	<b>-</b>	<b>-</b>	<b>1,118</b>

Net carrying amount (after ECL)	143,785	-	-	143,785
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<b>31 December 2021 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2021</b>	68,776	-	-	68,776
Net remeasurement of outstanding balance	73,501	-	-	73,501
New financial assets originated or purchased	81,013	-	-	81,013
Financial assets that have matured	(68,516)	-	-	(68,516)
<b>Gross carrying amount as at 31 December 2021</b>	<b>154,774</b>	<b>-</b>	<b>-</b>	<b>154,774</b>

<b>31 December 2021 Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2021</b>	501	-	-	501
Allowance writeback made during the year	(441)	-	-	(441)
<b>ECL allowance as at 31 December 2021</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>

Net carrying amount (after ECL)	154,714	-	-	154,714
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**Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for  
Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia**

**A4 Deposits and placements with banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia ^	4,227	5,550
Other financial institutions	-	32,432
	<b>4,227</b>	<b>37,982</b>
Less : ECL Allowance	<b>(33)</b>	<b>(1,091)</b>
	<b>4,194</b>	<b>36,891</b>

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

**A4.1 Impairment allowance for deposits and placements**

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.

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Internal rating grade :				
Performing	4,227	-	-	4,227
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	<b>4,227</b>	<b>-</b>	<b>-</b>	<b>4,227</b>

  

<b>Group and Bank</b>	<b>31-Dec-21</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Internal rating grade :				
Performing	37,982	-	-	37,982
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	<b>37,982</b>	<b>-</b>	<b>-</b>	<b>37,982</b>

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

<b>30 June 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Group and bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Gross carrying amount as at 1 January 2022</b>	37,982	-	-	37,982
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(33,755)	-	-	(33,755)
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,227</b>	<b>-</b>	<b>-</b>	<b>4,227</b>

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

**A4.1 Impairment allowance for deposits and placements (Cont'd.)**

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

<b>30 June 2022 Group and bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2022</b>	1,091	-	-	1,091
Allowance writeback during the year	(1,057)	-	-	(1,057)
New financial assets originated or purchased	436	-	-	436
Financial assets that have matured	(436)	-	-	(436)
<b>ECL allowance as at 30 June 2022</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>33</b>
Net carrying amount (after ECL)	4,194	-	-	4,194

<b>31 December 2021 Group</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2021</b>	6,644	-	-	6,644
New financial assets originated or purchased	32,432	-	-	32,432
Financial assets that have matured	(1,094)	-	-	(1,094)
<b>Gross carrying amount as at 31 December 2021</b>	<b>37,982</b>	<b>-</b>	<b>-</b>	<b>37,982</b>

<b>31 December 2021 Group</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2021</b>	-	-	-	-
Allowance made during the year	1,091	-	-	1,091
<b>ECL allowance as at 31 December 2021</b>	<b>1,091</b>	<b>-</b>	<b>-</b>	<b>1,091</b>
Net carrying amount (after ECL)	36,891	-	-	36,891

# 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

### 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>	30-Jun-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,050,776	-	-	3,050,776
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,050,776	-	-	3,050,776

  

<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,137,512	-	-	3,137,512
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	3,137,512	-	-	3,137,512

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

<u>Group and Bank</u>	30 Jun 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 30 Jun 2022	3,050,776	-	-	3,050,776

<u>Group and Bank</u>	30 Jun 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2022	4,716	-	-	4,716
Allowance made during the year	1,153	-	-	1,153
ECL allowance as at 30 Jun 2022 *	5,869	-	-	5,869

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

# 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

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

<u>Group and Bank</u>	31 Dec 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Fair value amount as at 31 Dec 2021	3,137,512	-	-	3,137,512

<u>Group and Bank</u>	31 Dec 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 writeback during the year	(20,584)	-	-	(20,584)
ECL allowance as at 31 Dec 2021 *	4,716	-	-	4,716

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

# 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

### A6 Financing, Advances and Other Receivables

#### i) At amortised cost

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Term financing		
- House financing	1,101,351	1,112,270
- Personal financing	868,738	934,127
- Cashline financing	5,094	6,882
- Syndicated financing	160,941	154,100
- Hire purchase receivables	580,048	624,174
- Other term financing	1,230,126	1,207,059
Credit card	5	41
Staff financing	19,392	20,313
	<b>3,965,695</b>	4,058,966
Less : Modification loss	<b>(31,707)</b>	(31,707)
	<b>3,933,988</b>	4,027,259
Less: Impairment allowances		
- Stage 1 Financing	<b>(150,507)</b>	(123,889)
- Stage 2 Financing	<b>(111,575)</b>	(110,025)
- Stage 3 Financing	<b>(116,934)</b>	(120,381)
Net financing and advances to customers	<b>3,554,973</b>	3,672,964
Less: Impairment allowances		
- Stage 1 Undrawn	<b>(246)</b>	(1,615)
- Stage 1 Trade facilities	<b>(1,118)</b>	(2,048)
- Stage 2 Trade facilities	-	-
Net financing, advances and other receivables	<b>3,553,608</b>	3,669,301

#### ii) By contract

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)	1,857,323	1,920,880
Murabahah (cost-plus)	2,022,319	2,051,611
Mudharabah (profit sharing)	43,705	43,705
Qard (benevolent financing)	1,173	1,034
Musyarakah (profit and loss sharing)	8,627	9,125
Istisna'	836	863
Ujrah (Credit card)	5	41
	<b>3,933,988</b>	4,027,259

#### iii) By type of customer

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Business enterprises		
- Small medium enterprises	322,074	337,024
- Others	1,023,084	1,001,191
Individuals	2,588,830	2,689,044
	<b>3,933,988</b>	4,027,259

# 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

### A6 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 2022 RM'000	31 Dec 2021 RM'000
1,243,991	1,232,576
119,586	113,904
290,234	231,582
2,280,178	2,449,197
<b>3,933,988</b>	<b>4,027,259</b>

#### (v) By geographical distribution

Malaysia  
Middle East  
Other countries

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
3,929,893	4,022,960
2,824	2,992
1,271	1,307
<b>3,933,988</b>	<b>4,027,259</b>

#### (vi) By profit rate sensitivity

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

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
2,314	2,369
580,048	624,174
855,112	922,786
1,099,037	1,109,901
160,941	154,100
1,236,536	1,213,929
<b>3,933,988</b>	<b>4,027,259</b>

#### (vii) By economic purpose

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

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
573,568	617,922
1,157,267	1,158,122
145,866	163,899
19,229	22,744
941,410	915,029
159,756	157,072
861,944	916,019
74,948	76,452
<b>3,933,988</b>	<b>4,027,259</b>

**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**

**A6 Financing, Advances and Other Receivables (Cont'd.)**

**viii) By sector**

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Construction	309,369	255,384
Electricity, gas and water	40,386	45,016
Finance, insurance and business services	17,358	65,923
Household	2,588,830	2,689,044
Manufacturing	156,620	153,697
Agriculture, hunting, forestry & fishing	50,023	55,972
Real Estate	280,950	254,350
Transports, storage and communication	109,178	116,320
Wholesale & retail trade and restaurants & hotels	374,569	382,451
Others	6,705	9,102
<b>Total</b>	<b>3,933,988</b>	<b>4,027,259</b>

**(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
<u>30 June 2022</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,091,914	71	-	8,530	-	836	-	1,101,351
Personal financing	-	845,780	-	-	838	-	-	846,618
Syndicated financing	-	160,941	-	-	-	-	-	160,941
Cashline financing	-	5,094	-	-	-	-	-	5,094
Hire purchase receivables	570,461	-	-	-	-	-	-	570,461
Other term financing	178,556	1,007,865	43,705	-	-	-	-	1,230,126
Staff financing	16,392	2,568	-	97	335	-	-	19,392
Credit card	-	-	-	-	-	-	5	5
<b>Total</b>	<b>1,857,323</b>	<b>2,022,319</b>	<b>43,705</b>	<b>8,627</b>	<b>1,173</b>	<b>836</b>	<b>5</b>	<b>3,933,988</b>

	Group and Bank							
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai' (lease ended with ownership)	Murabahah (cost-plus)	Mudharabah (profit sharing)	Musyarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Ujrah	Total
<u>31 Dec 2021</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	1,102,353	74	-	8,981	-	863	-	1,112,271
Personal financing	-	911,130	-	-	877	-	-	912,007
Syndicated financing	-	154,100	-	-	-	-	-	154,100
Cashline financing	-	6,882	-	-	-	-	-	6,882
Hire purchase receivables	614,587	-	-	-	-	-	-	614,587
Other term financing	186,830	976,524	43,705	-	-	-	-	1,207,059
Staff financing	17,110	2,901	-	144	157	-	-	20,312
Credit card	-	-	-	-	-	-	41	41
<b>Total</b>	<b>1,920,880</b>	<b>2,051,611</b>	<b>43,705</b>	<b>9,125</b>	<b>1,034</b>	<b>863</b>	<b>41</b>	<b>4,027,259</b>



**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**

**A6 Financing, Advances and Other Receivables (Cont'd.)**

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

**Stage 3 ECL**

At 1 Jan

Allowance made during the year

- Allowance made

- Allowance written-back

Amount written off

Reinstatement of previously written down accounts

Closing balance

<b>Group and Bank</b>	
<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>RM'000</b>	<b>RM'000</b>
<b>120,381</b>	156,476
<b>921</b>	4,007
<b>8,929</b>	18,813
<b>(8,008)</b>	(14,806)
<b>(4,839)</b>	(40,255)
<b>471</b>	153
<b>116,934</b>	120,381

**xiii) Impaired financing by sector**

Finance, insurance and business services

Household

Manufacturing

Real Estate

Wholesale & retail trade and restaurants & hotels

<b>Group and Bank</b>	
<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>RM'000</b>	<b>RM'000</b>
<b>5,169</b>	6,351
<b>34,918</b>	38,221
<b>85,089</b>	84,575
<b>130,981</b>	132,901
<b>10,089</b>	10,754
<b>266,246</b>	272,802

**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**

**A6 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-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,402,157	-	-	3,402,157
Past due but not impaired	-	265,585	-	265,585
Individually impaired	-	-	266,246	266,246
<b>Total</b>	<b>3,402,157</b>	<b>265,585</b>	<b>266,246</b>	<b>3,933,988</b>

  

<u>Group and Bank</u>	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Performing	3,518,786	-	-	3,518,786
Past due but not impaired	-	235,671	-	235,671
Individually impaired	-	-	272,802	272,802
<b>Total</b>	<b>3,518,786</b>	<b>235,671</b>	<b>272,802</b>	<b>4,027,259</b>

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

<u>Group and Bank</u>	30-Jun-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2022</b>	3,518,786	235,671	272,802	4,027,259
Transfer to 12-month ECL	21,160	(19,070)	(2,090)	-
Transfer to lifetime ECL not credit impaired	(64,330)	65,615	(1,285)	-
Transfer to lifetime ECL credit impaired	(3,899)	(2,351)	6,250	-
Net remeasurement of outstanding balance	(94,883)	178,805	14,698	98,619
New financial assets originated or purchased	934,325	-	-	934,325
Financial assets that have matured	(909,002)	(193,085)	(19,290)	(1,121,376)
Write-offs	-	-	(4,839)	(4,839)
<b>Gross carrying amount as at 30 June 2022</b>	<b>3,402,157</b>	<b>265,585</b>	<b>266,246</b>	<b>3,933,988</b>

  

<u>Group and Bank</u>	30-Jun-22			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2022</b>	127,552	110,025	120,381	357,957
Transfer to 12-month ECL	15,000	(13,471)	(1,529)	-
Transfer to lifetime ECL not credit impaired	(4,163)	4,648	(485)	0
Transfer to lifetime ECL credit impaired	(178)	(415)	593	-
Allowance (writeback)/made during the year	13,661	10,788	2,342	26,791
Write-offs	-	-	(4,839)	(4,839)
Reinstatement of previously written down	-	-	471	471
<b>ECL allowance as at 30 June 2022</b>	<b>151,871</b>	<b>111,575</b>	<b>116,934</b>	<b>380,380</b>
<b>Net carrying amount (after ECL)</b>	<b>3,250,286</b>	<b>154,010</b>	<b>149,312</b>	<b>3,553,608</b>

# 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

### A6 Financing, Advances and Other Receivables (Cont'd.)

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

Group and Bank	31-Dec-21			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<b>Gross carrying amount as at 1 January 2021</b>	3,886,242	298,680	317,444	4,502,366
Transfer to 12-month ECL	60,802	(55,147)	(5,655)	-
Transfer to lifetime ECL not credit impaired	(30,869)	31,908	(1,039)	-
Transfer to lifetime ECL credit impaired	(7,220)	(5,559)	12,779	-
Net remeasurement of outstanding balance	(192,531)	191,725	234,185	233,379
New financial assets originated or purchased	1,301,293	-	-	1,301,293
Financial assets that have matured	(1,514,039)	(226,294)	(244,657)	(1,984,990)
Modification loss	15,108	358	-	15,466
Write-offs	-	-	(40,255)	(40,255)
<b>Gross carrying amount as at 31 December 2021</b>	<b>3,518,786</b>	<b>235,671</b>	<b>272,802</b>	<b>4,027,259</b>

Group and Bank	31-Dec-21			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<b>ECL allowance as at 1 January 2021</b>	66,986	88,524	156,476	311,986
Transfer to 12-month ECL	9,459	(5,533)	(3,925)	-
Transfer to lifetime ECL not credit impaired	(514)	1,243	(729)	-
Transfer to lifetime ECL credit impaired	(114)	(296)	410	-
Allowance made during the year	51,735	26,087	8,251	86,074
Write-offs	-	-	(40,255)	(40,255)
Reinstatement of previously written down	-	-	153	153
<b>ECL allowance as at 31 December 2021</b>	<b>127,552</b>	<b>110,025</b>	<b>120,381</b>	<b>357,958</b>
Net carrying amount (after ECL)	3,391,234	125,646	152,421	3,669,301

**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**

**A7 Other Assets**

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Deposits and prepayments	10,346	7,673
Amount due from other related parties	105,971	111,861
Fee receivable	80	130
Sundry debtors	500	640
	<b>116,897</b>	<b>120,304</b>

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

**A8 Hedging Financial Instruments**

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<b>Group and Bank</b>			
<b>At 30 June 2022</b>			
Forward foreign exchange related contracts			
- in connection with fair value hedges	283,144	1,413	571
- other derivatives without hedge accounting	566,793	9,408	9,403
Total	<b>849,937</b>	<b>10,821</b>	<b>9,974</b>

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<b>Group and Bank</b>			
<b>At 31 Dec 2021</b>			
Forward foreign exchange related contracts			
- in connection with fair value hedges	198,094	663	375
- other derivatives without hedge accounting	493,556	5,142	5,142
Total	<b>691,650</b>	<b>5,805</b>	<b>5,517</b>

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 RM335,912 recorded as accrued FX swap cost as at 30 June 2022 (31 December 2021: Net loss of RM1,563,117).

# 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

### A9 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
<b>Cost</b>				
<b>As at 1 January 2022</b>	96,145	397	254	96,796
Additions	1,022	175	-	1,197
Disposals	-	(397)	(55)	(452)
<b>As at 30 Jun 2022</b>	97,167	175	199	97,541
<b>Accumulated depreciation</b>				
<b>As at 1 January 2022</b>	35,279	348	72	35,699
Charge	6,501	54	49	6,604
Disposal	-	(397)	(55)	(452)
<b>As at 30 Jun 2022</b>	41,780	5	66	41,851
<b>Net book value as at 30 Jun 2022</b>	55,387	170	133	55,690

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>				
<b>As at 1 January 2021</b>	96,892	397	872	98,161
Additions	616	-	254	870
Disposals	(1,363)	-	(876)	(2,239)
Adjustment/remeasurement	-	-	4	4
<b>As at 31 December 2021</b>	96,145	397	254	96,796
<b>Accumulated depreciation</b>				
<b>As at 1 January 2021</b>	23,742	232	628	24,602
Charge	12,900	116	320	13,336
Disposal	(1,363)	-	(876)	(2,239)
<b>As at 31 December 2021</b>	35,279	348	72	35,699
<b>Net book value as at 31 Dec 2021</b>	60,866	49	182	61,097

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
<b>As at 1 January 2022</b>	64,306	51	190	64,547
Addition	1,021	175	-	1,196
Accretion of profit	1,167	-	2	1,169
Payment	(7,518)	(52)	(52)	(7,622)
<b>As at 30 Jun 2022</b>	58,976	174	140	59,290

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2021</b>	75,852	171	255	76,278
Addition	616	-	254	870
Accretion of profit	2,768	5	5	2,778
Payment	(14,930)	(125)	(324)	(15,379)
<b>As at 31 December 2021</b>	64,306	51	190	64,547

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

The following are the amounts recognised in profit or loss:

#### 30 Jun 2022

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

Group and Bank	
RM'000	
	6,604
	1,169
	7,772

#### 31 December 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	
	13,336
	2,778
	16,114

### A10 Deposits from Customers

#### (i) By type of deposit

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Qard				
- Demand deposits	301,092	360,535	317,039	376,442
- Gold deposits	112,164	102,898	112,164	102,898
Murabahah				
- Term placement	3,044,285	3,328,230	3,044,285	3,328,230
- Savings deposits	131,891	123,885	131,891	123,885
	<b>3,589,432</b>	<b>3,915,548</b>	<b>3,605,379</b>	<b>3,931,455</b>

#### (ii) By type of customer

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Business enterprises	1,309,770	1,461,729	1,309,770	1,461,727
Individuals	379,682	369,876	379,682	369,876
Subsidiaries	-	-	15,947	15,909
Government and statutory bodies	1,505,535	1,548,044	1,505,535	1,548,044
Other enterprises	394,445	535,899	394,445	535,899
	<b>3,589,432</b>	<b>3,915,548</b>	<b>3,605,379</b>	<b>3,931,455</b>

#### (iii) By contractual maturity

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Due within six months	2,983,837	3,346,238	2,999,784	3,362,145
More than six months to one year	424,179	398,758	424,179	398,758
More than one year to three years	181,416	170,552	181,416	170,552
	<b>3,589,432</b>	<b>3,915,548</b>	<b>3,605,379</b>	<b>3,931,455</b>

# 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 Deposits and Placements of Banks and Other Financial Institutions

#### Murabahah

Licensed Islamic banks  
Other financial institutions

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
115,223	121,155
1,654,651	1,467,559
<b>1,769,874</b>	<b>1,588,714</b>

### A12 Investment Accounts

As at 1 January  
Net placement during the year  
Income from investment  
Profit distributed to mudarib  
As at 30 September/31 December

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
5,550	6,644
(1,349)	(1,158)
44	107
(18)	(43)
<b>4,227</b>	<b>5,550</b>
<b>4,227</b>	<b>5,550</b>

Investment asset:  
Wadiah placement with BNM

### 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	1.08

Business enterprises  
Individuals  
Other enterprises

Group and Bank	
30 Jun 2022 RM'000	31 Dec 2021 RM'000
1,951	3,214
2,229	2,250
47	86
<b>4,227</b>	<b>5,550</b>

# 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

### A13 Other Liabilities

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Sundry creditors	33,780	34,763	33,737	34,760
Accrued restoration cost	5,338	5,338	5,338	5,338
Undistributed charity funds (i)	2,651	253	2,651	253
Other provisions and accruals	45,281	46,012	45,277	46,008
	<b>87,050</b>	<b>86,366</b>	<b>87,003</b>	<b>86,359</b>

(i) Sources and uses of charity funds:

	Group and Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	253	922
Penalty (reversal)/charges on late payment	2,107	398
Total sources of funds during the year	<b>2,361</b>	<b>1,320</b>
Uses of charity funds:		
Compensation of late payment charges	1,000	-
Payment for recovery cost and other expenses	(710)	(995)
Contribution to non profit organisations	-	(34)
Aid to needy family	(0)	(38)
Total uses of funds during the year	<b>290</b>	<b>(1,067)</b>
Closing balance	<b>2,651</b>	<b>253</b>

### A14 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2022 Units'000	31 Dec 2021 Units'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b>Authorised:</b>				
At 1 January/At closing balance	<b>3,000,000</b>	3,000,000	<b>3,000,000</b>	3,000,000
<b>Issued and fully paid:</b>				
At 1 January	<b>1,425,272</b>	1,425,272	<b>1,425,272</b>	1,425,272
At 1 January/At closing balance	<b>1,425,272</b>	1,425,272	<b>1,425,272</b>	1,425,272

# 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 Income derived from investment of depositors' funds and others

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group and Bank</b>				
Finance income from financing, advances and other receivables	36,686	42,280	74,435	85,830
Finance income from impaired financing	955	383	1,253	923
Income from securities				
- Financial assets at FVOCI	24,464	29,695	47,968	60,434
Money at call and deposits with financial institutions	74	207	497	452
	<b>62,180</b>	72,564	<b>124,153</b>	147,639
Amortisation of premium less accretion of discounts	<b>(544)</b>	(1,479)	<b>(1,045)</b>	(2,980)
Total finance income and hibah	<b>61,636</b>	71,085	<b>123,108</b>	144,659
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	5,677	5,473	5,677
Foreign exchange (loss)/gain				
- Realised	887	(114)	2,578	(269)
	<b>62,523</b>	76,647	<b>131,159</b>	150,067

### A16 Income derived from Investment of Shareholder's Equity

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group &amp; Bank</b>				
Finance income from financing, advances and other receivables	11,575	12,171	23,752	24,196
Finance income from impaired financing	303	110	399	259
Income from securities:				
- Financial assets at FVOCI	7,719	8,547	15,302	17,035
Money at call and deposits with financial institutions	23	60	160	127
	<b>19,621</b>	20,888	<b>39,613</b>	41,618
Amortisation of premium less accretion of discounts	<b>(172)</b>	(426)	<b>(333)</b>	(840)
Total finance income and hibah	<b>19,450</b>	20,462	<b>39,280</b>	40,778
Fee income				
- Commission	611	904	795	1,124
- Other fee income	1,411	1,486	2,021	2,264
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	-	1,632	1,764	1,632
Fair value loss from financial asset at FVTPL	-	-	976	755
Foreign exchange (loss)/gain				
- Realised	2,212	1,399	4,114	6,394
- Unrealised	<b>(1,997)</b>	(2,892)	<b>(4,887)</b>	(9,145)
Gain on disposal of property, plant and equipment	8	12	8	12
	<b>21,695</b>	23,003	<b>44,071</b>	43,815

# 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 Credit Loss Expenses

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>30 June 2022</b>				
<b><u>Group and Bank</u></b>				
Cash and short-term funds	-	-	-	-
Financing and advances to customers	(26,618)	(1,550)	(921)	(29,089)
Bad debt recovered	-	-	3,141	3,141
Debt instruments measured at FVOCI	(1,153)	-	-	(1,153)
Financial guarantees	929	-	-	929
Financing commitments	1,369	-	-	1,369
<b>Total Impairment loss (charges)/writeback</b>	<b>(25,473)</b>	<b>(1,550)</b>	<b>2,220</b>	<b>(24,803)</b>

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>30 June 2021</b>				
<b><u>Group and Bank</u></b>				
Cash and short-term funds	(650)	-	-	(650)
Financing and advances to customers	(20,050)	(4,500)	(954)	(25,504)
Bad debt recovered	-	-	2,048	2,048
Debt instruments measured at FVOCI	-	-	-	-
Financial guarantees	-	-	-	-
Financing commitments	-	-	-	-
<b>Total Impairment loss (writeback)/charges</b>	<b>(20,700)</b>	<b>(4,500)</b>	<b>1,094</b>	<b>(24,106)</b>

### A18 Income Attributable to the Depositors

	2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b><u>Group and Bank</u></b>				
Deposits from customers				
- Murabahah	16,389	20,109	33,421	41,786
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	9,000	12,538	16,600	22,445
Others	28	37	58	65
	<b>25,416</b>	<b>32,684</b>	<b>50,079</b>	<b>64,296</b>

# 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 Profit Distributed to Investment Account Holders

#### Group and Bank

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

2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
21	28	44	59
(9)	(11)	(18)	(24)
13	17	26	35

### A20 Discontinued Operations

Income derived from investment of shareholder's equity  
Unrealised foreign exchange (loss)/gain

Other income

Total net income

Other overheads and expenditures

Loss before zakat and taxation

Net loss for the year

2nd Quarter ended 30-Jun		Half-year ended 30-Jun	
2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
-	4	-	(71)
-	(1)	-	-
-	3	-	(71)
-	(7)	-	(16)
-	(3)	-	(87)
-	(3)	-	(87)

# 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

### A21 Commitments and Contingencies

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

	As at 30 Jun 2022			As at 31 Dec 2021		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>Group and Bank</b>						
Direct credit substitutes	36,385	36,056	35,171	36,395	35,496	34,625
Transaction related contingencies	98,875	48,649	37,412	97,271	47,488	36,954
Irrevocable commitments to extend credit						
- maturity less than one year	142,658	15,328	12,213	184,623	22,259	18,758
- maturity more than one year	48,617	21,414	16,312	63,184	27,859	22,634
Foreign exchange related contracts *						
- less than one year	860,700	18,507	5,738	688,727	7,746	3,330
- one year to five years	-	-	-	-	-	-
	<b>1,187,235</b>	<b>139,954</b>	<b>106,846</b>	1,070,200	140,848	116,301

\* 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 2022 RM'000	Dec 2021 RM'000
Financial guarantees	36,385	36,395
Letters of credit	98,875	97,271
Other undrawn commitments	191,275	247,807
Total commitment	326,535	381,473
Less : ECL (charge)/writeback	(1,364)	(3,663)
	<b>325,171</b>	<b>377,810</b>

# 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(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.

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	36,385	-	-	36,385
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>36,385</b>	<b>-</b>	<b>-</b>	<b>36,385</b>

<b>Group and Bank</b>	<b>31-Dec-21</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	36,395	-	-	36,395
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>36,395</b>	<b>-</b>	<b>-</b>	<b>36,395</b>

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

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2022</b>	36,395	-	-	36,395
Net remeasurement of outstanding balance	1,592	-	-	1,592
New financial assets originated or purchased	150	-	-	150
Financial assets that have matured	(1,752)	-	-	(1,752)
<b>Gross carrying amount as at 30 June 2022</b>	<b>36,385</b>	<b>-</b>	<b>-</b>	<b>36,385</b>

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2022</b>	920	-	-	920
Net remeasurement of loss allowance	(846)	-	-	(846)
New financial assets originated or purchased	339	-	-	339
Financial assets that have matured	(84)	-	-	(84)
<b>ECL allowance as at 30 June 2022</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>330</b>
<b>Net carrying amount (after ECL)</b>	<b>36,055</b>	<b>-</b>	<b>-</b>	<b>36,055</b>

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

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2021</b>	52,262	-	-	52,262
Net remeasurement of outstanding balance	347	-	-	347
New financial assets originated or purchased	1,044	-	-	1,044
Financial assets that have matured	(17,258)	-	-	(17,258)
<b>Gross carrying amount as at 31 December 2021</b>	36,395	-	-	36,395

  

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2021</b>	673	-	-	673
Net remeasurement of loss allowance	480	-	-	480
New financial assets originated or purchased	5	-	-	5
Financial assets that have matured	(238)	-	-	(238)
<b>ECL allowance as at 31 December 2021</b>	920	-	-	920
 Net carrying amount (after ECL)	 35,475	 -	 -	 35,475

# 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(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.

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	98,875	-	-	98,875
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>98,875</b>	<b>-</b>	<b>-</b>	<b>98,875</b>

<b>Group and Bank</b>	<b>31-Dec-21</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	97,271	-	-	97,271
Past due but not impaired	-	-	-	-
<b>Total</b>	<b>97,271</b>	<b>-</b>	<b>-</b>	<b>97,271</b>

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

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2022</b>	97,271	-	-	97,271
Net remeasurement of outstanding balance	1,604	-	-	1,604
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
<b>Gross carrying amount as at 30 June 2022</b>	<b>98,875</b>	<b>-</b>	<b>-</b>	<b>98,875</b>

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2022</b>	1,128	-	-	1,128
Net remeasurement of loss allowance	(340)	-	-	(340)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
<b>ECL allowance as at 30 June 2022</b>	<b>788</b>	<b>-</b>	<b>-</b>	<b>788</b>
<b>Net carrying amount (after ECL)</b>	<b>98,087</b>	<b>-</b>	<b>-</b>	<b>98,087</b>

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

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2021</b>	110,370	-	-	110,370
Net remeasurement of outstanding balance	(13,099)	-	-	(13,099)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>97,271</b>	<b>-</b>	<b>-</b>	<b>97,271</b>

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2021</b>	1,375	-	-	1,375
Net remeasurement of loss allowance	(247)	-	-	(247)
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	-	-	-	-
<b>ECL allowance as at 31 December 2021</b>	<b>1,128</b>	<b>-</b>	<b>-</b>	<b>1,128</b>
Net carrying amount (after ECL)	96,143	-	-	96,143

# 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(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.

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	177,395	13,404	475	191,275
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>177,395</b>	<b>13,404</b>	<b>475</b>	<b>191,275</b>

<b>Group and Bank</b>	<b>31-Dec-21</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Internal rating grade :				
Performing	243,852	3,882	73	247,807
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b>243,852</b>	<b>3,882</b>	<b>73</b>	<b>247,807</b>

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

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross carrying amount as at 1 January 2022</b>	243,852	3,882	73	247,806
Transfer to 12-month ECL	3,606	(3,606)	-	-
Transfer to lifetime ECL not credit impaired	(6,286)	6,332	(46)	(0)
Net remeasurement of outstanding balance	12,370	10,554	(1,299)	21,626
New financial assets originated or purchased	93,812	-	-	93,812
Financial assets that have matured	(168,732)	(3,050)	(187)	(171,969)
<b>Gross carrying amount as at 30 June 2022</b>	<b>177,395</b>	<b>13,404</b>	<b>475</b>	<b>191,275</b>

<b>Group and Bank</b>	<b>30-Jun-22</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>ECL allowance as at 1 January 2022</b>	1,615	-	-	1,615
Net remeasurement of loss allowance	(1,919)	-	-	(1,919)
New financial assets originated or purchased	550	-	-	550
Financial assets that have matured	-	-	-	-
<b>ECL allowance as at 30 June 2022</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>246</b>

Net carrying amount (after ECL)	177,148	13,404	475	191,028
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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

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

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross carrying amount as at 1 January 2021</b>	392,463	8,183	903	401,550
Transfer to 12-month ECL	200	(200)	-	-
Transfer to lifetime ECL not credit impaired	(468)	468	-	-
Net remeasurement of outstanding balance	4,785	3,443	(830)	7,398
New financial assets originated or purchased	215,410	-	-	215,410
Financial assets that have matured	(368,539)	(8,012)	-	(376,551)
<b>Gross carrying amount as at 31 December 2021</b>	<b>243,852</b>	<b>3,882</b>	<b>73</b>	<b>247,807</b>

  

Group and Bank	31-Dec-21			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL allowance as at 1 January 2021</b>	1,615	-	-	1,615
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	1,615	-	-	1,615
Financial assets that have matured	(1,615)	-	-	(1,615)
<b>ECL allowance as at 31 December 2021</b>	<b>1,615</b>	<b>-</b>	<b>-</b>	<b>1,615</b>

  

Net carrying amount (after ECL)	242,237	3,882	73	246,192
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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 Credit transactions and exposures with connected parties**

As at 30 Jun 2022			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
<b>Bank</b>			
Financing, credit facility and leasing (except guarantee)	1	105,971	-
Off-balance sheet exposures	1	600	-
<b>106,571</b>	<b>2</b>	<b>106,571</b>	<b>-</b>
Total exposure to connected parties as % capital base		<b>6.8%</b>	<b>0.0%</b>
Total exposure to connected parties as % of total outstanding credit exposures		<b>1.5%</b>	<b>0.0%</b>

As at 31 Dec 2021			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
<b>Bank</b>			
Financing, credit facility and leasing (except guarantee)	1	111,861	-
Off-balance sheet exposures	1	600	-
<b>112,461</b>	<b>2</b>	<b>112,461</b>	<b>-</b>
Total exposure to connected parties as % capital base		<b>6.8%</b>	<b>0.0%</b>
Total exposure to connected parties as % of total outstanding credit exposures		<b>1.5%</b>	<b>0.0%</b>

\* 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

### A23 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### Determination of fair value and fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
<b>Group</b>			
<b>30 Jun 2022</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	3,050,776	-	3,050,776
Financing, advances and other receivables	1,550,151	1,920,162	3,470,314
Hedging financial instruments	10,821	-	10,821
<b>Total</b>	<b>4,611,749</b>	<b>1,920,162</b>	<b>6,531,911</b>
<b>Financial liability</b>			
Deposits from customers	3,563,488	-	3,563,488
Hedging financial instruments	5,338	-	5,338
	<b>3,568,826</b>	<b>-</b>	<b>3,568,826</b>
<b>31 Dec 2021</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	3,137,512	-	3,137,512
Financing, advances and other receivables	1,591,346	2,077,110	3,668,456
Hedging financial instruments	5,805	-	5,805
<b>Total</b>	<b>4,734,663</b>	<b>2,077,110</b>	<b>6,811,773</b>
<b>Financial liability</b>			
Deposits from customers	3,889,657	-	3,889,657
Hedging financial instruments	5,517	-	5,517
	<b>3,895,174</b>	<b>-</b>	<b>3,895,174</b>

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

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

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
<b>Bank</b>			
<b>30 Jun 2022</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	3,050,776	-	3,050,776
Financing, advances and other receivables	1,550,151	1,920,162	3,470,314
Hedging financial instruments	10,821	-	10,821
<b>Total</b>	<b>4,611,749</b>	<b>1,920,162</b>	<b>6,531,911</b>
<b>Financial liability</b>			
Deposits from customers	3,578,823	-	3,578,823
Hedging financial instruments	5,338	-	5,338
	<b>3,584,161</b>	<b>-</b>	<b>3,584,161</b>
<b>31 Dec 2021</b>			
<b>Financial assets</b>			
Debt instruments measured at FVOCI	3,137,512	-	3,137,512
Financing, advances and other receivables	1,591,346	2,077,110	3,668,456
Hedging financial instruments	5,805	-	5,805
<b>Total</b>	<b>4,734,663</b>	<b>2,077,110</b>	<b>6,811,773</b>
<b>Financial liability</b>			
Deposits from customers	3,904,997	-	3,904,997
Hedging financial instruments	5,517	-	5,517
	<b>3,910,514</b>	<b>-</b>	<b>3,910,514</b>

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

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

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

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

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

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

		Group			
		30 Jun 2022		31 Dec 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>					
Financing, advances and other receivables		3,553,608	3,470,314	3,669,301	3,668,456
		<b>3,553,608</b>	<b>3,470,314</b>	<b>3,669,301</b>	<b>3,668,456</b>
<b>Financial Liabilities</b>					
Deposits from customers		3,589,432	3,563,488	3,915,548	3,889,657
		<b>3,589,432</b>	<b>3,563,488</b>	<b>3,915,548</b>	<b>3,889,657</b>

  

		Bank			
		30 Jun 2022		31 Dec 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>					
Financing, advances and other receivables		3,553,608	3,470,314	3,669,301	3,668,456
		<b>3,553,608</b>	<b>3,470,314</b>	<b>3,669,301</b>	<b>3,668,456</b>
<b>Financial Liabilities</b>					
Deposits from customers		3,605,379	3,578,823	3,931,455	3,904,997
		<b>3,605,379</b>	<b>3,578,823</b>	<b>3,931,455</b>	<b>3,904,997</b>

# 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 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

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

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

##### (d) Financing, Advances and Other Receivables

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

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

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

# 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 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 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
<b>Common Equity Tier I / Tier I Capital Ratio</b>				
Credit risk	<b>42.923%</b>	43.231%	<b>42.483%</b>	42.804%
Credit, market, operational and large exposure risks	<b>37.958%</b>	38.502%	<b>37.438%</b>	38.004%
<b>Total Capital Ratio</b>				
Credit risk	<b>44.173%</b>	44.481%	<b>43.733%</b>	44.054%
Credit, market, operational and large exposure risks	<b>39.063%</b>	39.615%	<b>38.540%</b>	39.114%

# 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 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 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b><u>CET I / Tier I capital</u></b>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	207,491	207,491	207,491	207,491
Other reserves	(31,479)	30,725	(37,178)	25,025
	<b>1,601,284</b>	1,663,488	<b>1,595,585</b>	1,657,788
Less: Deferred tax assets (net)	(52,208)	(52,208)	(52,208)	(52,208)
Less: Investment in subsidiaries	-	-	(10,200)	(10,200)
<b>Total CET I / Tier I capital</b>	<b>1,549,076</b>	1,611,280	<b>1,533,177</b>	1,595,380
<b><u>Tier II capital</u></b>				
Collective impairment on financing	45,112	46,589	45,112	46,589
<b>Total Tier II capital</b>	<b>45,112</b>	46,589	<b>45,112</b>	46,589
<b>Total capital</b>	<b>1,594,188</b>	1,657,869	<b>1,578,289</b>	1,641,969

(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 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b>Computation of Total Risk-Weighted Assets (RWA)</b>				
Total Credit RWA	3,608,936	3,727,140	3,608,936	3,727,140
Total Market RWA	11,931	6,023	11,931	6,023
Total Operational RWA	460,211	451,812	474,324	464,750
Large Exposure Risk RWA for Equity Holdings	-	-	-	-
<b>Total Risk-Weighted Assets</b>	<b>4,081,078</b>	4,184,975	<b>4,095,191</b>	4,197,913
<b>Computation of Capital Ratios</b>				
Core Capital	1,549,076	1,611,280	1,533,177	1,595,380
Capital Base	1,594,188	1,657,869	1,578,289	1,641,969
<b>CET I / Tier I Capital Ratio</b>	<b>37.958%</b>	38.502%	<b>37.438%</b>	38.004%
<b>Total Capital Ratio</b>	<b>39.063%</b>	39.615%	<b>38.540%</b>	39.114%

# 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 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
<b>As at 30 Jun 2022</b>					
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	550,716	550,716	-	-	-
Banks, Development Financial Institutions & MDBs	151,016	151,016	64,645	64,645	5,172
Corporates	3,635,420	3,635,420	1,217,050	1,217,050	97,364
Regulatory Retail	1,477,137	1,477,137	1,318,650	1,318,650	105,492
Residential Mortgages	1,076,242	1,076,242	538,635	538,635	43,091
Other Assets	316,104	316,104	194,390	194,390	15,551
Defaulted Exposures <sup>2</sup>	150,972	150,972	168,684	168,684	13,495
	<b>7,357,607</b>	<b>7,357,607</b>	<b>3,502,054</b>	<b>3,502,054</b>	<b>280,164</b>
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC Hedging Financial Instruments <sup>3</sup>	18,507	18,507	5,738	5,738	459
Off balance sheet exposures other than OTC hedging financial instruments	121,446	121,446	101,144	101,144	8,092
	<b>139,953</b>	<b>139,953</b>	<b>106,882</b>	<b>106,882</b>	<b>8,551</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,497,560</b>	<b>7,497,560</b>	<b>3,608,936</b>	<b>3,608,936</b>	<b>288,715</b>
<b>(ii) Large Exposures Risk Requirement</b>	-	-	-	-	-
	Long Position	Short Position			
<b>(iii) Market Risk</b>					
Foreign Currency Risk <sup>4</sup>	11,931	2,805	9,126	11,931	954
			9,126	11,931	954
<b>(iv) Operational Risk</b>			460,211	460,211	36,817
<b>(v) Total RWA and Capital Requirements</b>			<b>4,081,078</b>	<b>4,081,078</b>	<b>326,486</b>

Note:

\* Credit equivalent of off-balance sheet items

\*\* After netting and credit risk mitigation

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

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

<sup>3</sup> 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.

<sup>4</sup> 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

### A24 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
As at 31 Dec 2021	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	658,349	658,349	-	-	-
Banks, Development Financial Institutions & MDBs	192,014	192,014	70,144	70,144	5,611
Corporates	3,612,869	3,612,869	1,216,431	1,216,431	97,314
Regulatory Retail	1,586,253	1,586,253	1,415,537	1,415,537	113,243
Residential Mortgages	1,059,492	1,059,492	531,692	531,692	42,535
Other Assets	315,758	315,758	206,422	206,422	16,514
Defaulted Exposures <sup>2</sup>	152,944	152,944	170,613	170,613	13,649
	<b>7,577,679</b>	<b>7,577,679</b>	<b>3,610,839</b>	<b>3,610,839</b>	<b>288,867</b>
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC Hedging Financial Instruments <sup>3</sup>	7,746	7,746	3,330	3,330	266
Off balance sheet exposures other than OTC hedging financial instruments	133,102	133,102	112,971	112,971	9,038
	<b>140,848</b>	<b>140,848</b>	<b>116,301</b>	<b>116,301</b>	<b>9,304</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,718,527</b>	<b>7,718,527</b>	<b>3,727,140</b>	<b>3,727,140</b>	<b>298,171</b>
<b>(ii) Large Exposures Risk Requirement</b>					
	<b>Long Position</b>	<b>Short Position</b>			
<b>(iii) Market Risk</b>					
Foreign Currency Risk <sup>4</sup>	5,368	1,690	3,678	6,023	482
			3,678	6,023	482
<b>(iv) Operational Risk</b>					
<b>(v) Total RWA and Capital Requirements</b>					
			451,812	451,812	36,145
			<b>4,184,975</b>	<b>4,184,975</b>	<b>334,798</b>

Note:

\* Credit equivalent of off-balance sheet items

\*\* After netting and credit risk mitigation

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

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

<sup>3</sup> 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.

<sup>4</sup> 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

### A24 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 30 Jun 2022	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	550,716	550,716	-	-	-
Banks, Development Financial Institutions & MDBs	151,016	151,016	64,645	64,645	5,172
Corporates	3,635,420	3,635,420	1,217,050	1,217,050	97,364
Regulatory Retail	1,477,137	1,477,137	1,318,650	1,318,650	105,492
Residential Mortgages	1,076,242	1,076,242	538,635	538,635	43,091
Other Assets	316,104	316,104	194,390	194,390	15,551
Defaulted Exposures <sup>2</sup>	150,972	150,972	168,684	168,684	13,495
	<b>7,357,607</b>	<b>7,357,607</b>	<b>3,502,054</b>	<b>3,502,054</b>	<b>280,164</b>
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC Hedging Financial Instruments <sup>3</sup>	18,507	18,507	5,738	5,738	459
Off balance sheet exposures other than OTC hedging financial instruments	121,446	121,446	101,144	101,144	8,092
	<b>139,953</b>	<b>139,953</b>	<b>106,882</b>	<b>106,882</b>	<b>8,551</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,497,560</b>	<b>7,497,560</b>	<b>3,608,936</b>	<b>3,608,936</b>	<b>288,715</b>
<b>(ii) Large Exposures Risk Requirement</b>					
	-	-	-	-	-
<b>(iii) Market Risk</b>					
Foreign Currency Risk <sup>4</sup>	Long Position	Short Position			
	11,931	2,805	9,126	11,931	954
			9,126	11,931	954
<b>(iv) Operational Risk</b>					
<b>(v) Total RWA and Capital Requirements</b>					
			474,324	474,324	37,946
			<b>4,095,191</b>	<b>4,095,191</b>	<b>327,615</b>

Note:

\* Credit equivalent of off-balance sheet items

\*\* After netting and credit risk mitigation

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

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

<sup>3</sup> 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

<sup>4</sup> 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

### A24 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
<b>Bank</b>					
<b>As at 31 Dec 2021</b>					
<b>(i) Credit Risk</b>					
<b>(a) On-Balance Sheet Exposures</b>					
Sovereigns/Central Banks	658,349	658,349	-	-	-
Banks, Development Financial Institutions & MDBs	192,014	192,014	70,144	70,144	5,611
Corporates	3,612,869	3,612,869	1,216,431	1,216,431	97,314
Regulatory Retail	1,586,253	1,586,253	1,415,537	1,415,537	113,243
Residential Mortgages	1,059,492	1,059,492	531,692	531,692	42,535
Other Assets	315,758	315,758	206,422	206,422	16,514
Defaulted Exposures <sup>2</sup>	152,944	152,944	170,613	170,613	13,649
	7,577,679	7,577,679	3,610,839	3,610,839	288,865
<b>(b) Off-Balance Sheet Exposures*</b>					
OTC Hedging Financial Instruments <sup>3</sup>	7,746	7,746	3,330	3,330	266
Off balance sheet exposures other than OTC hedging financial instruments	133,102	133,102	112,971	112,971	9,038
	140,848	140,848	116,301	116,301	9,304
<b>Total On and Off-Balance Sheet Exposures</b>	7,718,527	7,718,527	3,727,140	3,727,140	298,170
<b>(ii) Large Exposures Risk Requirement</b>	-	-	-	-	-
	<b>Long Position</b>	<b>Short Position</b>			
<b>(iii) Market Risk</b>					
Foreign Currency Risk <sup>4</sup>	5,368	1,690	3,678	6,023	482
			3,678	6,023	482
<b>(iv) Operational Risk</b>			464,750	464,750	37,180
<b>(v) Total RWA and Capital Requirements</b>			4,197,913	4,197,913	335,832

Note:

\* Credit equivalent of off-balance sheet items

\*\* After netting and credit risk mitigation

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

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

<sup>3</sup> 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.

<sup>4</sup> 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

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

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

		Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
		Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets		
Group and Bank As at 30 Jun 2022		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Risk-Weights</b>									
0%	550,716	20,301	1,856,434	2,509	1,573	-	121,715	2,553,248	-
20%	-	21,498	722,713	-	-	-	-	744,211	148,842
35%	-	-	-	-	588,667	-	-	588,667	206,033
50%	-	123,280	30,035	36	311,965	-	-	465,316	232,658
75%	-	-	-	643,285	-	-	-	643,285	482,464
100%	-	3,352	1,196,408	850,045	186,427	-	194,390	2,430,624	2,430,624
150%	-	-	38,716	474	-	33,019	-	72,210	108,315
	<b>550,716</b>	<b>168,433</b>	<b>3,844,306</b>	<b>1,496,348</b>	<b>1,088,632</b>	<b>33,019</b>	<b>316,106</b>	<b>7,497,560</b>	<b>3,608,936</b>
<b>As at 31 Dec 2021</b>									
<b>Risk-Weights</b>									
0%	658,349	20,485	1,865,953	3,811	727	-	109,336	2,658,661	-
20%	-	53,956	669,886	-	-	-	-	723,842	144,768
35%	-	-	-	-	581,500	-	-	581,500	203,525
50%	-	125,272	51,670	32	304,385	-	-	481,359	240,679
75%	-	-	-	687,046	-	-	-	687,046	515,285
100%	-	46	1,207,280	913,513	185,328	-	206,422	2,512,589	2,512,589
150%	-	-	39,921	589	-	33,019	-	73,529	110,294
	<b>658,349</b>	<b>199,759</b>	<b>3,834,710</b>	<b>1,604,991</b>	<b>1,071,940</b>	<b>33,019</b>	<b>315,758</b>	<b>7,718,526</b>	<b>3,727,140</b>

# 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 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
<b>As at 30 Jun 2022</b>				
0%	2,553,248	-	2,553,248	-
20%	744,211	148,842	744,211	148,842
35%	588,667	206,033	588,667	206,033
50%	465,316	232,658	465,316	232,658
75%	643,285	482,464	643,285	482,464
100%	2,430,624	2,430,624	2,430,624	2,430,624
150%	72,210	108,315	72,210	108,315
Risk-weighted assets for credit risk	7,497,560	3,608,936	7,497,560	3,608,936
Risk-weighted assets for market risk		11,931		11,931
Risk-weighted assets for operational risk		460,211		474,324
Large exposure risk-weighted assets for equity holdings		-		-
Total risk-weighted assets		4,081,078		4,095,191
<b>As at 31 Dec 2021</b>				
0%	2,658,661	-	2,658,661	-
20%	723,842	144,768	723,842	144,768
35%	581,500	203,525	581,500	203,525
50%	481,359	240,679	481,359	240,679
75%	687,046	515,285	687,046	515,285
100%	2,512,589	2,512,589	2,512,589	2,512,589
150%	73,529	110,294	73,529	110,294
Risk-weighted assets for credit risk	7,718,526	3,727,140	7,718,526	3,727,140
Risk-weighted assets for market risk		6,023		6,023
Risk-weighted assets for operational risk		451,812		464,750
Large exposure risk-weighted assets for equity holdings		-		-
Total risk-weighted assets		4,184,975		4,197,913

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

Group and Bank	As at 30 Jun 2022		As at 31 Dec 2021	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Foreign Exchange Risk	11,931	954	6,023	482
Total	11,931	954	6,023	482

# 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 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 2022	31 Dec 2021
	<b>Total gross maximum exposure</b>	
	<b>Group and Bank</b>	
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	143,785	154,714
Deposits and placements with banks and other financial institutions	4,194	36,891
Securities FVOCI	3,050,776	3,137,512
Financing, advances and other receivables	3,554,973	3,672,964
Other assets	116,897	120,304
Statutory deposits with Bank Negara Malaysia ("BNM")	35	2
Hedging financial instruments	10,821	5,805
<b>Total On-Balance Sheet</b>	<b>6,881,481</b>	<b>7,128,192</b>
Financial guarantees	36,056	35,475
Contingent liabilities	98,087	96,143
Commitments	191,028	246,192
<b>Total Off-Balance Sheet</b>	<b>325,170</b>	<b>377,810</b>
<b>Total On and Off-Balance Sheet</b>	<b>7,206,651</b>	<b>7,506,002</b>

# 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 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	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 Jun 2022</b>					
<b>Group and Bank</b>					
Cash and short-term funds	13,619	1,184	130,100	(1,118)	143,785
Deposits and placements with banks and other financial institutions	4,227	-	-	(33)	4,194
Securities FVOCI	3,050,776	0	-	-	3,050,776
Financing, advances and other receivables	3,812,961	2,824	1,269	(262,082)	3,554,973
Other assets	116,897	-	-	-	116,897
Statutory deposits with BNM	35	-	-	-	35
Hedging financial instruments	10,821	-	-	-	10,821
<b>Total On-Balance Sheet</b>	<b>7,009,336</b>	<b>4,009</b>	<b>131,369</b>	<b>(263,233)</b>	<b>6,881,481</b>
Financial guarantees	36,385	-	-	(330)	36,056
Contingent liabilities	98,875	-	-	(788)	98,087
Commitments	191,259	-	16	(246)	191,029
<b>Total Off-Balance Sheet</b>	<b>326,519</b>	<b>-</b>	<b>16</b>	<b>(1,364)</b>	<b>325,170</b>
<b>Total On and Off-Balance Sheet</b>	<b>7,335,856</b>	<b>4,009</b>	<b>131,385</b>	<b>(264,597)</b>	<b>7,206,651</b>

# 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 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 RM'000
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	
<b>31 Dec 2021</b>					
<b>Group and Bank</b>					
Cash and short-term funds	15,121	15,023	124,630	(60)	154,714
Deposits and placements with banks and other financial institutions	5,550	-	32,432	(1,091)	36,891
Securities FVOCI	3,116,279	21,233	-	-	3,137,512
Financing, advances and other receivables	3,902,580	2,992	1,305	(233,913)	3,672,964
Other assets	120,304	-	-	-	120,304
Statutory deposits with BNM	2	-	-	-	2
Hedging financial instruments	5,805	-	-	-	5,805
<b>Total On-Balance Sheet</b>	<b>7,165,641</b>	<b>39,248</b>	<b>158,367</b>	<b>(235,064)</b>	<b>7,128,192</b>
Financial guarantees	36,395	-	-	(920)	35,475
Contingent liabilities	97,271	-	-	(1,128)	96,143
Commitments	247,791	-	16	(1,615)	246,192
<b>Total Off-Balance Sheet</b>	<b>381,457</b>	<b>-</b>	<b>16</b>	<b>(3,663)</b>	<b>377,810</b>
<b>Total On and Off-Balance Sheet</b>	<b>7,547,098</b>	<b>39,248</b>	<b>158,383</b>	<b>(238,727)</b>	<b>7,506,002</b>

# 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 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	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 Jun 2022</b>							
<b>Group and Bank</b>							
Cash and short-term funds	-	144,903	-	-	-	(1,118)	143,785
Deposits and placements with banks and other financial institutions	-	4,227	-	-	-	(33)	4,194
Securities FVOCI	-	826,886	718,565	367,740	539,466	598,119	3,050,776
Financing, advances and other receivables	468,653	17,358	559,573	109,178	-	2,662,292	3,554,973
Other assets	-	-	-	-	-	116,897	116,897
Statutory deposits with BNM	-	35	-	-	-	-	35
Hedging financial instruments	-	10,821	-	-	-	-	10,821
<b>Total On-Balance Sheet</b>	<b>468,653</b>	<b>1,004,229</b>	<b>1,278,138</b>	<b>476,917</b>	<b>539,466</b>	<b>3,377,308</b>	<b>(263,233)</b>
Financial guarantees	35,785	-	600	-	-	-	(330)
Contingent liabilities	270	-	17,529	2,870	-	78,205	(788)
Commitments	33,639	-	57,023	1,170	-	99,443	(246)
<b>Total Off-Balance Sheet</b>	<b>69,695</b>	<b>-</b>	<b>75,152</b>	<b>4,040</b>	<b>-</b>	<b>177,648</b>	<b>(1,364)</b>
<b>Total On and Off-Balance Sheet</b>	<b>538,347</b>	<b>1,004,229</b>	<b>1,353,290</b>	<b>480,957</b>	<b>539,466</b>	<b>3,554,956</b>	<b>(264,597)</b>

# 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 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
<b>31 Dec 2021</b>								
<b>Group and Bank</b>								
Cash and short-term funds	-	154,774	-	-	-	-	(60)	154,714
Deposits and placements with banks and other financial institutions	-	37,982	-	-	-	-	(1,091)	36,891
Securities FVOCI	-	810,705	736,177	359,457	644,053	587,120	-	3,137,512
Financing, advances and other receivables	474,629	65,923	476,539	116,320	-	2,773,466	(233,913)	3,672,964
Other assets	-	-	-	-	-	120,304	-	120,304
Statutory deposits with BNM	-	2	-	-	-	-	-	2
Hedging financial instruments	-	5,805	-	-	-	-	-	5,805
<b>Total On-Balance Sheet</b>	<b>474,629</b>	<b>1,074,100</b>	<b>1,212,716</b>	<b>475,777</b>	<b>644,053</b>	<b>3,480,890</b>	<b>(233,973)</b>	<b>7,128,192</b>
Financial guarantees	35,785	-	610	-	-	-	(920)	35,475
Contingent liabilities	335	-	19,271	2,720	-	74,945	(1,128)	96,143
Commitments	23,241	-	92,761	1,464	-	130,341	(1,615)	246,192
<b>Total Off-Balance Sheet</b>	<b>59,361</b>	<b>-</b>	<b>112,642</b>	<b>4,184</b>	<b>-</b>	<b>205,286</b>	<b>(3,663)</b>	<b>377,810</b>
<b>Total On and Off-Balance Sheet</b>	<b>533,990</b>	<b>1,074,100</b>	<b>1,325,358</b>	<b>479,961</b>	<b>644,053</b>	<b>3,686,176</b>	<b>(237,636)</b>	<b>7,506,002</b>

# 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 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			
<b>30 Jun 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>							
Cash and short-term funds	144,903	-	-	-	-	(1,118)	143,785
Deposits and placements with banks and other financial institutions	4,227	-	-	-	-	(33)	4,194
Securities FVOCI	71,064	194,186	921,107	1,864,420	-	-	3,050,776
Financing, advances and other receivables	1,172,878	8,256	358,939	2,276,981	-	(262,082)	3,554,973
Other assets	-	-	-	-	116,897	-	116,897
Statutory deposits with BNM	-	-	-	-	35	-	35
Hedging financial instruments	9,851	970	-	-	-	-	10,821
<b>Total On-Balance Sheet</b>	<b>1,402,922</b>	<b>203,412</b>	<b>1,280,046</b>	<b>4,141,401</b>	<b>116,932</b>	<b>(263,233)</b>	<b>6,881,481</b>
Financial guarantees	-	693	35,693	-	-	(330)	36,056
Contingent liabilities	53,742	270	44,862	-	-	(788)	98,087
Commitments	132,385	1,238	16,985	40,667	-	(246)	191,029
<b>Total Off-Balance Sheet</b>	<b>186,127</b>	<b>2,200</b>	<b>97,540</b>	<b>40,667</b>	<b>-</b>	<b>(1,364)</b>	<b>325,170</b>
<b>Total On and Off-Balance Sheet</b>	<b>1,589,049</b>	<b>205,613</b>	<b>1,377,586</b>	<b>4,182,068</b>	<b>116,932</b>	<b>(264,597)</b>	<b>7,206,651</b>

# 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 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			
<b>31 Dec 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>							
Cash and short-term funds	154,774	-	-	-	-	(60)	154,714
Deposits and placements with banks and other financial institutions	37,982	-	-	-	-	(1,091)	36,891
Securities FVOCI	21,233	71,763	1,185,577	1,858,939	-	-	3,137,512
Financing, advances and other receivables	1,049,902	94,627	328,902	2,433,446	-	(233,913)	3,672,964
Other assets	-	-	-	-	120,304	-	120,304
Statutory deposits with BNM	-	-	-	-	2	-	2
Hedging financial instruments	-	-	5,805	-	-	-	5,805
<b>Total On-Balance Sheet</b>	<b>1,262,800</b>	<b>166,390</b>	<b>1,520,284</b>	<b>4,292,385</b>	<b>120,306</b>	<b>(233,973)</b>	<b>7,128,193</b>
Financial guarantees	10	-	36,385	-	-	(920)	35,475
Contingent liabilities	2,077	75,059	20,135	-	-	(1,128)	96,143
Commitments	143,619	32,365	33,361	38,462	-	(1,615)	246,191
<b>Total Off-Balance Sheet</b>	<b>145,706</b>	<b>107,424</b>	<b>89,881</b>	<b>38,462</b>	<b>-</b>	<b>(3,663)</b>	<b>377,809</b>
<b>Total On and Off-Balance Sheet</b>	<b>1,408,506</b>	<b>273,814</b>	<b>1,610,165</b>	<b>4,330,847</b>	<b>120,306</b>	<b>(237,636)</b>	<b>7,506,002</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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

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

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	RM000	RM000	RM000	RM000
<b>Gross carrying amount as at 1 January 2022</b>	<b>4,552,610</b>	<b>193,836</b>	<b>234,582</b>	<b>4,981,028</b>
Transfers:				
New financial assets originated or purchased	1,091,534	191,659	18,008	<b>1,301,201</b>
Financial assets derecognised during the period other than write- offs	(1,104,900)	(193,836)	(18,042)	<b>(1,316,778)</b>
Changes in Carrying Amount	(16,881)	-	(3,219)	<b>(20,100)</b>
Write-offs	-	-	-	-
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,522,363</b>	<b>191,659</b>	<b>231,328</b>	<b>4,945,350</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	RM000	RM000	RM000	RM000
<b>Gross carrying amount as at 1 January 2022</b>	<b>2,668,458</b>	<b>45,016</b>	<b>38,223</b>	<b>2,751,697</b>
Transfers:				
Transfer to Stage 1	21,160	(19,070)	(2,090)	-
Transfer to Stage 2	(64,330)	65,615	(1,285)	0
Transfer to Stage 3	(3,899)	(2,351)	6,250	-
New financial assets originated or purchased	72,681	37	115	<b>72,833</b>
Financial assets derecognised during the period other than write-offs	(73,064)	(1,846)	(1,248)	<b>(76,159)</b>
Changes in Carrying Amount	(89,451)	(1,037)	(208)	<b>(90,696)</b>
Write-offs	-	-	(4,839)	<b>(4,839)</b>
<b>Gross carrying amount as at 30 June 2022</b>	<b>2,531,555</b>	<b>86,365</b>	<b>34,918</b>	<b>2,652,838</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Loss allowance as at 1 January 2022</b>	<b>29,596</b>	<b>85,433</b>	<b>94,714</b>	<b>209,743</b>
New financial assets originated or purchased	18,855	85,983	-	<b>104,838</b>
Financial assets derecognised during the period	(7,831)	(85,433)	-	<b>(93,264)</b>
Changes in PDs/LGDs/EADs	1,808	-	(1,433)	<b>375</b>
Write-offs	-	-	-	-
<b>Loss allowance as at 30 June 2022</b>	<b>42,427</b>	<b>85,983</b>	<b>93,281</b>	<b>221,691</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Loss allowance as at 1 January 2022</b>	<b>103,822</b>	<b>24,592</b>	<b>25,667</b>	<b>154,081</b>
<b>Movements with income statement impact</b>				
Transfers:				
Transfer to Stage 1	15,000	(13,471)	(1,529)	-
Transfer to Stage 2	(4,163)	4,648	(484)	-
Transfer to Stage 3	(178)	(415)	593	-
New financial assets originated or purchased	3,224	1	115	<b>3,340</b>
Financial assets derecognised during the period	(2,646)	(895)	(725)	<b>(4,266)</b>
Changes in PDs/LGDs/EADs	1,405	11,132	4,855	<b>17,392</b>
Write-offs	-	-	(4,839)	<b>(4,839)</b>
<b>Loss allowance as at 30 June 2022</b>	<b>116,464</b>	<b>25,592</b>	<b>23,653</b>	<b>165,709</b>

#### **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 2022 was RM4,839,013 (Dec 2021 : RM40,255,400). 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

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

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
<b>Gross carrying amount as at 1 January 2021</b>	5,666,051	218,962	276,055	6,161,068
New financial assets originated or purchased	1,551,583	193,836	234,581	1,980,000
Financial assets derecognised during the period other than write-offs	(2,420,373)	(218,962)	(241,457)	(2,880,792)
Changes in Carrying Amount	(244,651)	-	-	(244,651)
Write-offs	-	-	(34,597)	(34,597)
<b>Gross carrying amount as at 31 Dec 2021</b>	<b>4,552,610</b>	<b>193,836</b>	<b>234,582</b>	<b>4,981,028</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM000	RM000	RM000	RM000
<b>Gross carrying amount as at 1 January 2021</b>	<b>2,794,296</b>	<b>87,540</b>	<b>41,390</b>	<b>2,923,226</b>
Transfers:				
Transfer to Stage 1	60,802	(55,147)	(5,655)	-
Transfer to Stage 2	(30,869)	31,908	(1,039)	-
Transfer to Stage 3	(7,220)	(5,559)	12,779	-
New financial assets originated or purchased	266,846	3,320	611	<b>270,777</b>
Financial assets derecognised during the period other than write-offs	(282,190)	(15,156)	(3,200)	<b>(300,546)</b>
Changes in Carrying Amount	(148,315)	(2,248)	(1,005)	<b>(151,568)</b>
Modification loss	15,108	358	-	<b>15,466</b>
Write-offs	-	-	(5,658)	<b>(5,658)</b>
<b>Gross carrying amount as at 31 Dec 2021</b>	<b>2,668,458</b>	<b>45,016</b>	<b>38,223</b>	<b>2,751,697</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	
<b>Loss allowance as at 1 January 2021</b>	<b>45,030</b>	<b>80,356</b>	<b>131,066</b>	<b>256,452</b>
<b>Movements with income statement impact</b>				
New financial assets originated or purchased	23,242	85,433	94,714	<b>203,389</b>
Financial assets derecognised during the period	(22,052)	(80,356)	(96,469)	<b>(198,877)</b>
Changes in PDs/LGDs/EADs	(16,624)	-	-	<b>(16,624)</b>
Write-offs	-	-	(34,597)	<b>(34,597)</b>
<b>Loss allowance as at 31 December 2021</b>	<b>29,596</b>	<b>85,433</b>	<b>94,714</b>	<b>209,743</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iii) 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	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Loss allowance as at 1 January 2021</b>	<b>47,755</b>	<b>8,169</b>	<b>25,411</b>	<b>81,335</b>
<b>Movements with income statement impact</b>				
Transfers:				
Transfer to Stage 1	9,458	(5,533)	(3,925)	-
Transfer to Stage 2	(514)	1,243	(729)	-
Transfer to Stage 3	(114)	(296)	410	-
New financial assets originated or purchased	19,737	657	611	<b>21,005</b>
Financial assets derecognised during the period	(3,823)	(972)	(2,218)	<b>(7,013)</b>
Changes in PDs/LGDs/EADs	31,323	21,324	11,765	<b>64,412</b>
Write-offs	-	-	(5,658)	<b>(5,658)</b>
<b>Loss allowance as at 31 December 2021</b>	<b>103,822</b>	<b>24,592</b>	<b>25,667</b>	<b>154,081</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) 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-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cash &amp; short term funds (Less 1 month)</b>				<b>144,903</b>
High Grade	133,493	-	-	133,493
Standard Grade	11,410	-	-	11,410
Loss allowance	(1,118)	-	-	(1,118)
<b>Carrying amount</b>	<b>143,785</b>	<b>-</b>	<b>-</b>	<b>143,785</b>
<b>Deposit and placement with banks (More 1 month)</b>				<b>4,227</b>
High Grade	4,227	-	-	4,227
Standard Grade	-	-	-	-
Loss allowance	(33)	-	-	(33)
<b>Carrying amount</b>	<b>4,194</b>	<b>-</b>	<b>-</b>	<b>4,194</b>
Group and Bank	31-Dec-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cash &amp; short term funds (Less 1 month)</b>				<b>154,774</b>
High Grade	119,523	-	-	119,523
Standard Grade	35,251	-	-	35,251
Past due or impaired	-	-	-	-
Loss allowance	(60)	-	-	(60)
<b>Carrying amount</b>	<b>154,714</b>	<b>-</b>	<b>-</b>	<b>154,714</b>
<b>Deposit and placement with banks (More 1 month)</b>				<b>37,982</b>
High Grade	5,550	-	-	5,550
Standard Grade	32,431	-	-	32,431
Past due or impaired	-	-	-	-
Loss allowance	(1,091)	-	-	(1,091)
<b>Carrying amount</b>	<b>36,891</b>	<b>-</b>	<b>-</b>	<b>36,891</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) Credit quality analysis (Cont'd.)

Group and Bank	30-Jun-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Investment sukuks - FVOCI</b>				<b>3,050,776</b>
High Grade	3,050,776	-	-	3,050,776
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(5,869)	-	-	(5,869)
Carrying amount	<b>3,044,907</b>	-	-	<b>3,044,907</b>
Group and Bank	31-Dec-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Investment sukuks - FVOCI</b>				<b>3,137,512</b>
High Grade	3,137,512	-	-	3,137,512
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(4,716)	-	-	(4,716)
Carrying amount	<b>3,132,796</b>	-	-	<b>3,132,796</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) Credit quality analysis (Cont'd.)

Bank & Group	30-Jun-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Corporate Financing</b>				<b>1,323,055</b>
High Grade	320,630	-	-	320,630
Standard Grade	591,292	-	-	591,292
Past due or impaired	-	179,805	231,328	411,133
Loss allowance	(34,043)	(85,983)	(93,281)	(213,308)
<b>Carrying amount</b>	<b>877,879</b>	<b>93,822</b>	<b>138,047</b>	<b>1,109,747</b>
<b>Retail Financing</b>				<b>2,610,933</b>
High Grade	2,489,650	-	-	2,489,650
Standard Grade	-	-	-	-
Past due or impaired	-	86,365	34,918	121,283
Loss allowance	(116,464)	(25,592)	(23,653)	(165,709)
<b>Carrying amount</b>	<b>2,373,186</b>	<b>60,773</b>	<b>11,265</b>	<b>2,445,224</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) Credit quality analysis (Cont'd.)

Bank & Group	31-Dec-21			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
<b>Corporate Financing</b>				<b>1,347,280</b>
High Grade	241,276	-	-	241,276
Standard Grade	711,891	-	-	680,184
Past due or impaired	-	191,239	234,581	425,820
Loss allowance	(20,067)	(85,433)	(94,714)	(200,214)
<b>Carrying amount</b>	<b>901,393</b>	<b>105,806</b>	<b>139,867</b>	<b>1,147,066</b>
<b>Retail Financing</b>				<b>2,727,152</b>
High Grade	2,643,557	-	-	2,643,557
Standard Grade	-	-	-	-
Past due or impaired	-	45,374	38,221	83,595
Loss allowance	(103,823)	(24,592)	(25,667)	(154,082)
<b>Carrying amount</b>	<b>2,539,734</b>	<b>20,782</b>	<b>12,554</b>	<b>2,573,070</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) Credit quality analysis (Cont'd.)

Group & Bank	30-Jun-22			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Undrawn Commitments (Retail)</b>				<b>41,905</b>
High Grade	41,905	-	-	41,905
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>41,905</b>	<b>-</b>	<b>-</b>	<b>41,905</b>
<b>Undrawn Commitments (Corporate)</b>				<b>149,371</b>
High Grade	73,805	-	-	73,805
Standard Grade	63,712	-	-	63,712
Past due or impaired	-	11,854	-	11,854
Loss allowance	(246)	-	-	(246)
<b>Carrying amount</b>	<b>137,270</b>	<b>11,854</b>	<b>-</b>	<b>149,124</b>
<b>Trade Facilities (Financial Guarantee &amp; Letter of Credit)</b>				<b>135,260</b>
High Grade	117,420	-	-	117,420
Standard Grade	17,839	-	-	17,839
Past due or impaired	-	-	-	-
Loss allowance	(1,118)	-	-	(1,118)
<b>Carrying amount</b>	<b>134,142</b>	<b>-</b>	<b>-</b>	<b>134,142</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) Credit quality analysis (Cont'd.)

Group & Bank	31-Dec-21			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Undrawn Commitments (Retail)</b>				<b>40,011</b>
High Grade	40,011	-	-	40,011
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>40,011</b>	<b>-</b>	<b>-</b>	<b>40,011</b>
<b>Undrawn Commitments (Corporate)</b>				<b>207,742</b>
High Grade	96,750	-	-	96,750
Standard Grade	108,449	-	-	108,449
Past due or impaired	-	2,597	(54)	2,543
Loss allowance	1,615	-	-	1,615
<b>Carrying amount</b>	<b>206,814</b>	<b>2,597</b>	<b>(54)</b>	<b>209,357</b>
<b>Trade Facilities (Financial Guarantee &amp; Letter of Credit)</b>				<b>133,666</b>
High Grade	78,518	-	-	78,518
Standard Grade	55,148	-	-	55,148
Past due or impaired	-	-	-	-
Loss allowance	2,048	-	-	2,048
<b>Carrying amount</b>	<b>135,714</b>	<b>-</b>	<b>-</b>	<b>135,714</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (iv) 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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 Jun 2022</b>						
<b>Group and Bank</b>						
Cash and short-term funds	144,903	-	-	-	-	144,903
Deposits and placements with banks and other financial institutions	4,227	-	-	-	-	4,227
Securities FVOCI	3,050,776	-	-	-	-	3,050,776
Financing, advances and other receivables	535,685	1,704,923	182,405	1,244,729	266,246	3,933,988
Other assets	116,897	-	-	-	-	116,897
Statutory deposits with BNM	35	-	-	-	-	35
Hedging financial instruments	10,821	-	-	-	-	10,821
<b>Total On-Balance Sheet</b>	<b>3,863,344</b>	<b>1,704,923</b>	<b>182,405</b>	<b>1,244,729</b>	<b>266,246</b>	<b>7,261,647</b>
Financial guarantees	36,385	-	-	-	-	36,385
Contingent liabilities	98,875	-	-	-	-	98,875
Commitments	191,275	-	-	-	-	191,275
<b>Total Off-Balance Sheet</b>	<b>326,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,534</b>
<b>Total On and Off-Balance Sheet</b>	<b>4,189,878</b>	<b>1,704,923</b>	<b>182,405</b>	<b>1,244,729</b>	<b>266,246</b>	<b>7,588,181</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### iv) 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
<b>31 Dec 2021</b>						
<b>Group and Bank</b>						
Cash and short-term funds	154,774	-	-	-	-	154,774
Deposits and placements with banks and other financial institutions	37,982	-	-	-	-	37,982
Securities FVOCI	3,137,512	-	-	-	-	3,137,512
Financing, advances and other receivables	522,017	1,832,984	138,297	1,261,159	272,802	4,027,259
Other assets	120,304	-	-	-	-	120,304
Statutory deposits with BNM	2	-	-	-	-	2
Hedging financial instruments	5,805	-	-	-	-	5,805
<b>Total On-Balance Sheet</b>	<b>3,978,396</b>	<b>1,832,984</b>	<b>138,297</b>	<b>1,261,159</b>	<b>272,802</b>	<b>7,483,638</b>
Financial guarantees	36,395	-	-	-	-	36,395
Contingent liabilities	97,271	-	-	-	-	97,271
Commitments	247,807	-	-	-	-	247,807
<b>Total Off-Balance Sheet</b>	<b>381,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381,473</b>
<b>Total On and Off-Balance Sheet</b>	<b>4,359,869</b>	<b>1,832,984</b>	<b>138,297</b>	<b>1,261,159</b>	<b>272,802</b>	<b>7,865,111</b>

# 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 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 KFHM is to produce accurate quantitative assessment of the credit risk to which the Bank is exposed to. To determine the counterparty risk, KFHM 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, KFHM 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, KFHM 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 2022
	RM'000
<b>Corporate &amp; Commercial</b>	
Excellent	-
Very Strong	-
Strong	94,546
Good	333,132
Satisfactory	455,977
Weak	145,507
Special Mention	95,269
Impaired	148,888
Unrated *	2,543,735
	<b>3,817,054</b>
Less: Collective assessment	<b>(263,446)</b>
Total Corporate, Commercial and Retail	<b>3,553,608</b>

Group and Bank	31 Dec 2021
	RM'000
<b>Corporate &amp; Commercial</b>	
Excellent	-
Very Strong	-
Strong	90,056
Good	264,207
Satisfactory	500,745
Weak	163,915
Special Mention	94,771
Impaired	152,087
Unrated *	2,641,096
	<b>3,906,877</b>
Less: Collective assessment	<b>(237,576)</b>
Total Corporate, Commercial and Retail	<b>3,669,301</b>

\* 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

### A26 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 2022

Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
Moodys							
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
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
Group and Bank Securities FVOCI	722,713	-	-	-	-	2,328,063	3,050,776

31 Dec 2021

Securities

	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
Moodys							
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			
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
Group and Bank Securities FVOCI	669,886	21,233	-	-	-	2,446,393	3,137,512

# 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 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

30 Jun 2022 Group and Bank	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financing and advances to customers</b>				
Corporate financing	-	-	-	-
Retail & Consumer financing	154,173	22,592	5,640	182,405
	<b>154,173</b>	<b>22,592</b>	<b>5,640</b>	<b>182,405</b>

31 Dec 2021 Group and Bank	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
<b>Financing and advances to customers</b>				
Corporate financing	-	-	-	-
Retail & Consumer financing	109,654	24,142	4,501	138,297
	<b>109,654</b>	<b>24,142</b>	<b>4,501</b>	<b>138,297</b>

##### Impaired and past due financing by geographical regions

30 Jun 2022 Group and Bank	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
Malaysia	266,246	182,066	116,934	263,446	4,839
Middle East	-	174	-	-	-
Others	-	165	-	-	-
<b>Total</b>	<b>266,246</b>	<b>182,405</b>	<b>116,934</b>	<b>263,446</b>	<b>4,839</b>

31 Dec 2021 Group and Bank	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
Malaysia	272,802	137,768	120,381	237,577	40,255
Middle East	-	356	-	-	-
Others	-	173	-	-	-
<b>Total</b>	<b>272,802</b>	<b>138,297</b>	<b>120,381</b>	<b>237,577</b>	<b>40,255</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

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

##### Impaired and past due financing by industry sector

**30 Jun 2022**

**Group and Bank**

Trading and manufacturing  
Construction and real estate  
Others  
**Total**

	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
Trading and manufacturing	125,177	-	62,535		-
Construction and real estate	130,981	-	30,746		-
Others	10,089	182,405	23,653		4,839
<b>Total</b>	<b>266,246</b>	<b>182,405</b>	<b>116,934</b>	<b>263,446</b>	<b>4,839</b>

**31 Dec 2021**

**Group and Bank**

Trading and manufacturing  
Construction and real estate  
Others  
**Total**

	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
Trading and manufacturing	95,330	-	61,519		-
Construction and real estate	132,900	480	33,195		34,597
Others	44,572	137,817	25,667		5,658
<b>Total</b>	<b>272,802</b>	<b>138,297</b>	<b>120,381</b>	<b>237,577</b>	<b>40,255</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (v) 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

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

#### (a) CREDIT RISK (Cont'd.)

##### (v) 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-22	31-Dec-21	Principle type of collateral
<b>Financing receivables</b>	<b>3,553,608</b>	3,669,301	
Corporate	<b>62.42%</b>	63.01%	Real Estate, Securities, Cash & Sovereign Guarantees
Retail	<b>43.95%</b>	41.97%	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-22	31-Dec-21
LTV ratio		
Less than 50%	-	-
51–70%	<b>1,251,288</b>	907,683
71–90%	<b>6,779,559</b>	8,200,246
91–100%	<b>7,028,533</b>	7,793,382
More than 100%	-	-
<b>Total</b>	<b>15,059,381</b>	16,901,311

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (a) CREDIT RISK (Cont'd.)

##### (v) 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 70.16% as at 30 June 2022 (31 Dec 2021: 65.3%). 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

### A26 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 2022 and 31 December 2021. 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 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
Cash and short-term funds	768	-	-	-	143,017	143,785
Deposits and placements with banks and other financial institutions	4,194	-	-	-	-	4,194
Securities - FVOCI	71,064	194,186	942,092	1,843,435	-	3,050,776
Financing, advances and receivables	1,049,712	8,634	646,369	1,848,893	-	3,553,608
Hedging Financial Instrument Assets	9,851	970	-	-	-	10,821
Other assets	-	-	-	-	391,095	391,095
<b>Total Assets</b>	<b>1,135,587</b>	<b>203,791</b>	<b>1,588,461</b>	<b>3,692,327</b>	<b>534,112</b>	<b>7,154,279</b>

# 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 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 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	2,451,827	429,906	162,552	-	545,147	3,589,432
Deposits and placements of banks and other financial institutions	1,741,816	28,058	-	-	-	1,769,874
Investment accounts of customers	-	-	-	-	4,227	4,227
Hedging Financial Instrument Assets	9,854	121	-	-	-	9,974
Other liabilities	-	-	-	-	146,340	146,340
<b>Total Liabilities</b>	<b>4,203,497</b>	<b>458,085</b>	<b>162,552</b>	<b>-</b>	<b>695,714</b>	<b>5,519,847</b>
Shareholder's equity	-	-	-	-	1,634,432	1,634,432
<b>Total Liabilities and Shareholder's equity</b>	<b>4,203,497</b>	<b>458,085</b>	<b>162,552</b>	<b>-</b>	<b>2,330,146</b>	<b>7,154,279</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	186,127	12,963	83,979	43,465	-	326,535
<b>Net maturity mismatch</b>	<b>(3,254,037)</b>	<b>(267,258)</b>	<b>1,341,930</b>	<b>3,648,862</b>	<b>(1,796,034)</b>	<b>(326,536)</b>

# 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 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 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
Cash and short-term funds	14,885	-	-	-	139,829	154,714
Deposits and placements with banks and other financial institutions	36,891	-	-	-	-	36,891
Securities FVOCI	21,233	71,763	1,185,577	1,858,939	-	3,137,512
Financing, advances and receivables	1,030,260	14,233	617,161	2,007,647	-	3,669,301
Hedging Financial Instrument Assets	-	-	-	-	362,186	362,186
Other assets	5,805	-	-	-	-	5,805
<b>Total Assets</b>	<b>1,109,074</b>	<b>85,996</b>	<b>1,802,738</b>	<b>3,866,586</b>	<b>502,015</b>	<b>7,366,409</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	2,753,550	412,847	161,832	-	587,319	3,915,548
Deposits and placements of banks and other financial institutions	1,558,486	30,228	-	-	-	1,588,714
Investment accounts of customers	-	-	-	-	5,550	5,550
Hedging Financial Instrument Assets	5,517	-	-	-	-	5,517
Other liabilities	-	-	-	-	150,913	150,913
<b>Total Liabilities</b>	<b>4,317,553</b>	<b>443,075</b>	<b>161,832</b>	<b>-</b>	<b>743,782</b>	<b>5,666,242</b>
Shareholder's equity	-	-	-	-	1,700,167	1,700,167
<b>Total Liabilities and Shareholder's equity</b>	<b>4,317,553</b>	<b>443,075</b>	<b>161,832</b>	<b>-</b>	<b>2,443,949</b>	<b>7,366,409</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	145,706	107,424	89,882	38,461	-	381,473
<b>Net maturity mismatch</b>	<b>(3,354,185)</b>	<b>(464,503)</b>	<b>1,551,024</b>	<b>3,828,125</b>	<b>(1,941,934)</b>	<b>(381,473)</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

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

Bank 30 Jun 2022	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
Cash and short-term funds	768	-	-	-	143,017	143,785
Deposits and placements with banks and other financial institutions	4,194	-	-	-	-	4,194
Securities - FVOCI	71,064	194,186	942,092	1,843,435	-	3,050,776
Financing, advances and receivables	1,049,712	8,634	646,369	1,848,893	-	3,553,608
Hedging Financial Instrument Assets	9,851	970	-	-	-	10,821
Other assets	-	-	-	-	401,295	401,295
<b>Total Assets</b>	<b>1,135,587</b>	<b>203,791</b>	<b>1,588,461</b>	<b>3,692,327</b>	<b>544,312</b>	<b>7,164,479</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	2,451,827	429,906	162,552	-	561,095	3,605,380
Deposits and placements of banks and other financial institutions	1,741,816	28,058	-	-	-	1,769,874
Investment accounts of customers	-	-	-	-	4,227	4,227
Hedging Financial Instrument Assets	9,854	121	-	-	-	9,974
Other liabilities	-	-	-	-	146,292	146,292
<b>Total Liabilities</b>	<b>4,203,497</b>	<b>458,085</b>	<b>162,552</b>	<b>-</b>	<b>711,613</b>	<b>5,535,747</b>
Shareholder's equity	-	-	-	-	1,628,732	1,628,732
<b>Total Liabilities and Shareholder's equity</b>	<b>4,203,497</b>	<b>458,085</b>	<b>162,552</b>	<b>-</b>	<b>2,340,346</b>	<b>7,164,479</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	186,127	12,963	83,979	43,465	-	326,535
<b>Net maturity mismatch</b>	<b>(3,254,037)</b>	<b>(267,258)</b>	<b>1,341,930</b>	<b>3,648,862</b>	<b>(1,796,033)</b>	<b>(326,535)</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

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

Bank	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
31 Dec 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
Cash and short-term funds	14,885	-	-	-	139,829	154,714
Deposits and placements with banks and other financial institutions	36,891	-	-	-	-	36,891
Securities FVOCI	21,233	71,763	1,185,577	1,858,939	-	3,137,512
Financing, advances and receivables	1,030,260	14,233	617,161	2,007,647	-	3,669,301
Hedging Financial Instrument Assets	5,805	-	-	-	-	5,805
Other assets	-	-	-	-	372,386	372,386
<b>Total Assets</b>	<b>1,109,074</b>	<b>85,996</b>	<b>1,802,738</b>	<b>3,866,586</b>	<b>512,215</b>	<b>7,376,609</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
Deposits from customers	2,753,550	412,847	161,831	-	603,227	3,931,455
Deposits and placements of banks and other financial institutions	1,558,486	30,228	-	-	-	1,588,714
Investment accounts of customers	-	-	-	-	5,550	5,550
Hedging Financial Instrument Assets	5,517	-	-	-	-	5,517
Other liabilities	-	-	-	-	150,906	150,906
<b>Total Liabilities</b>	<b>4,317,553</b>	<b>443,075</b>	<b>161,831</b>	<b>-</b>	<b>759,683</b>	<b>5,682,142</b>
Shareholder's equity	-	-	-	-	1,694,467	1,694,467
<b>Total Liabilities and Shareholder's equity</b>	<b>4,317,553</b>	<b>443,075</b>	<b>161,831</b>	<b>-</b>	<b>2,454,150</b>	<b>7,376,609</b>
<b>OFF-BALANCE SHEET LIABILITIES</b>						
Commitments & contingencies	145,706	107,424	89,882	38,461	-	381,473
<b>Net maturity mismatch</b>	<b>(3,354,185)</b>	<b>(464,504)</b>	<b>1,551,025</b>	<b>3,828,125</b>	<b>(1,941,935)</b>	<b>(381,473)</b>

# 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 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
<b>30 Jun 2022</b>						
<b>Group</b>						
Deposits from customers	2,476,066	436,297	172,435	-	545,147	3,629,946
Deposit and placements of banks and other financial institutions	1,760,952	28,522	-	-	-	1,789,474
Investment account of customers	-	-	-	-	4,227	4,227
Other liabilities	-	-	-	-	146,340	146,340
<b>Total</b>	<b>4,237,018</b>	<b>464,819</b>	<b>172,435</b>	<b>-</b>	<b>695,714</b>	<b>5,569,986</b>
<b>Bank</b>						
Deposits from customers	2,476,066	436,297	172,435	-	561,095	3,645,893
Deposit and placements of banks and other financial institutions	1,760,952	28,522	-	-	-	1,789,474
Investment account of customers	-	-	-	-	4,227	4,227
Other liabilities	-	-	-	-	146,292	146,292
<b>Total</b>	<b>4,237,018</b>	<b>464,819</b>	<b>172,435</b>	<b>-</b>	<b>711,613</b>	<b>5,585,886</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (b) LIQUIDITY RISK (Cont'd.)

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

31 Dec 2021	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits from customers	2,778,767	418,532	170,931	-	587,319	3,955,549
Deposit and placements of banks and other financial institutions	1,573,531	30,666	-	-	-	1,604,197
Investment account of customers	-	-	-	-	5,550	5,550
Other liabilities	-	-	-	-	150,913	150,913
<b>Total</b>	<b>4,352,298</b>	<b>449,198</b>	<b>170,931</b>	<b>-</b>	<b>743,782</b>	<b>5,716,209</b>
<b>Bank</b>						
Deposits from customers	2,778,767	418,532	170,930	-	603,227	3,971,456
Deposit and placements of banks and other financial institutions	1,573,531	30,666	-	-	-	1,604,197
Investment account of customers	-	-	-	-	5,550	5,550
Other liabilities	-	-	-	-	150,906	150,906
<b>Total</b>	<b>4,352,298</b>	<b>449,198</b>	<b>170,930</b>	<b>-</b>	<b>759,683</b>	<b>5,732,109</b>

# 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 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

### A26 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					Trading book	Total	Effective profit rate	
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
30 Jun 2022									
<b>ASSETS</b>									
Cash and short-term funds	768	-	-	-	-	143,017	-	143,785	1.95
Deposits and placements with banks and other financial institutions	4,194	-	-	-	-	-	-	4,194	1.95
Securities FVOCI	-	71,064	194,186	942,092	1,843,435	-	-	3,050,776	4.28
Financing, advances and receivables	1,345,042	669,554	33,417	292,222	1,064,062	149,312	-	3,553,608	5.03
Other assets	-	-	-	-	-	391,095	-	391,095	
Hedging Financial Instrument Assets	9,675	176	970	-	-	-	-	10,821	
<b>TOTAL ASSETS</b>	<b>1,359,678</b>	<b>740,793</b>	<b>228,573</b>	<b>1,234,314</b>	<b>2,907,496</b>	<b>683,425</b>	<b>-</b>	<b>7,154,279</b>	

# 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 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						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			
30 Jun 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	1,298,411	833,579	892,628	452,651	-	112,164	-	3,589,433	1.99
Deposits and placements of banks and other financial institutions	722,475	778,994	268,405	-	-	-	-	1,769,874	2.21
Investment accounts of customers	4,227	-	-	-	-	-	-	4,227	
Hedging financial instrument liabilities	9,404	166	404	-	-	-	-	9,974	
Other liabilities	-	-	-	-	-	146,339	-	146,339	
<b>Total Liabilities</b>	<b>2,034,516</b>	<b>1,612,739</b>	<b>1,161,438</b>	<b>452,651</b>	<b>-</b>	<b>258,503</b>	<b>-</b>	<b>5,519,847</b>	
Shareholder's equity	-	-	-	-	-	1,634,432	-	1,634,432	
<b>Total Liabilities and Shareholder's equity</b>	<b>2,034,516</b>	<b>1,612,739</b>	<b>1,161,438</b>	<b>452,651</b>	<b>-</b>	<b>1,892,935</b>	<b>-</b>	<b>7,154,279</b>	
On-balance sheet profit sensitivity gap	(674,805)	(871,946)	(932,865)	781,663	2,907,496	(1,209,544)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	<b>(674,805)</b>	<b>(871,946)</b>	<b>(932,865)</b>	<b>781,663</b>	<b>2,907,496</b>	<b>(1,209,544)</b>	<b>-</b>	<b>-</b>	

# 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 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						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
31 Dec 2021									
<b>ASSETS</b>									
Cash and short-term funds	13,794	-	-	-	-	140,920	-	154,714	0.75
Deposits and placements with banks and other financial institutions	5,550	-	31,341	-	-	-	-	36,891	0.35
Securities FVOCI	-	-	92,996	1,185,577	1,858,939	-	-	3,137,512	4.30
Financing, advances and receivables	1,402,219	616,214	26,700	280,541	1,191,208	152,419	-	3,669,301	5.02
Musarakah capital investment	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	362,186	-	362,186	-
Hedging Financial Instrument Assets	5,532	54	219	-	-	-	-	5,805	-
<b>TOTAL ASSETS</b>	<b>1,427,095</b>	<b>616,268</b>	<b>151,256</b>	<b>1,466,118</b>	<b>3,050,147</b>	<b>655,525</b>	<b>-</b>	<b>7,366,409</b>	

# 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 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					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 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	910,067	1,545,606	870,584	486,393	-	102,898	-	3,915,548	1.84
Deposits and placements of banks and other financial institutions	860,541	185,920	542,253	-	-	-	-	1,588,714	1.94
Investment accounts of customers	5,550	-	-	-	-	-	-	5,550	
Hedging Financial Instrument Liabilities	5,142	-	375	-	-	-	-	5,517	
Other liabilities	-	-	-	-	-	150,913	-	150,913	
<b>Total Liabilities</b>	<b>1,781,300</b>	<b>1,731,526</b>	<b>1,413,212</b>	<b>486,393</b>	<b>-</b>	<b>253,811</b>	<b>-</b>	<b>5,666,242</b>	
Shareholder's equity	-	-	-	-	-	1,700,167	-	1,700,167	
<b>Total Liabilities and Shareholder's equity</b>	<b>1,781,300</b>	<b>1,731,526</b>	<b>1,413,212</b>	<b>486,393</b>	<b>-</b>	<b>1,953,978</b>	<b>-</b>	<b>7,366,409</b>	
On-balance sheet profit sensitivity gap	(354,206)	(1,115,258)	(1,261,956)	979,725	3,050,147	(1,298,453)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(354,206)</b>	<b>(1,115,258)</b>	<b>(1,261,956)</b>	<b>979,725</b>	<b>3,050,147</b>	<b>(1,298,453)</b>	<b>-</b>	<b>-</b>	

# 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 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 30 Jun 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>								
Cash and short-term funds	768	-	-	-	-	143,017	143,785	1.95
Deposits and placements with banks and other financial institutions	4,194	-	-	-	-	-	4,194	1.95
Securities FVOCI	-	71,064	194,186	942,092	1,843,435	-	3,050,776	4.28
Financing, advances and receivables	1,345,042	669,554	33,417	292,222	1,064,062	149,312	3,553,608	5.03
Musarakah capital investment	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	401,295	401,295	-
Hedging Financial Instrument Assets	9,675	176	970	-	-	-	10,821	-
<b>TOTAL ASSETS</b>	<b>1,359,678</b>	<b>740,793</b>	<b>228,573</b>	<b>1,234,314</b>	<b>2,907,496</b>	<b>693,624</b>	<b>7,164,479</b>	

# 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 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
Bank 30 Jun 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	1,303,674	833,579	892,628	463,335	-	112,164	-	3,605,380	1.99
Deposits and placements of banks and other financial institutions	722,475	778,994	268,405	-	-	-	-	1,769,874	2.21
Investment accounts of customers	4,227	-	-	-	-	-	-	4,227	
Hedging Financial Instrument Liabilities	9,404	166	404	-	-	-	-	9,974	
Other liabilities	-	-	-	-	-	146,292	-	146,292	
<b>Total Liabilities</b>	<b>2,039,778</b>	<b>1,612,739</b>	<b>1,161,438</b>	<b>463,335</b>	<b>-</b>	<b>258,456</b>	<b>-</b>	<b>5,535,747</b>	
Shareholder's equity	-	-	-	-	-	1,628,732	-	1,628,732	-
<b>Total Liabilities and Shareholder's equity</b>	<b>2,039,778</b>	<b>1,612,739</b>	<b>1,161,438</b>	<b>463,335</b>	<b>-</b>	<b>1,887,189</b>	<b>-</b>	<b>7,164,479</b>	
On-balance sheet profit sensitivity gap	(680,068)	(871,946)	(932,865)	770,978	2,907,496	(1,193,596)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(680,068)</b>	<b>(871,946)</b>	<b>(932,865)</b>	<b>770,978</b>	<b>2,907,496</b>	<b>(1,193,596)</b>	<b>-</b>	<b>-</b>	

# 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 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
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
<b>Bank</b>									
<b>31 Dec 2021</b>									
<b>ASSETS</b>									
Cash and short-term funds	13,794	-	-	-	-	140,920	-	154,714	0.75
Deposits and placements with banks and other financial institutions	5,550	-	31,341	-	-	-	-	36,891	0.35
Securities FVOCI	-	-	92,996	1,185,577	1,858,939	-	-	3,137,512	4.30
Financing, advances and receivables	1,402,219	616,214	26,700	280,541	1,191,208	152,419	-	3,669,301	5.02
Musarakah capital investment	-	-	-	-	-	-	-	-	-
Hedging Financial Instrument Assets	5,532	54	219	-	-	-	-	5,805	-
Other assets	-	-	-	-	-	372,386	-	372,386	-
<b>TOTAL ASSETS</b>	<b>1,427,095</b>	<b>616,268</b>	<b>151,256</b>	<b>1,466,118</b>	<b>3,050,147</b>	<b>665,725</b>	<b>-</b>	<b>7,376,609</b>	

# 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 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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>Bank</b>									
<b>31 Dec 2021</b>									
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>									
Deposits from customers	915,316	1,545,606	870,584	497,051	-	102,898	-	3,931,455	1.84
Deposits and placements of banks and other financial institutions	860,541	185,920	542,253	-	-	-	-	1,588,714	1.94
Investment accounts of customers	5,550	-	-	-	-	-	-	5,550	
Hedging Financial Instrument Liabilities	5,142	-	375	-	-	-	-	5,517	
Other liabilities	-	-	-	-	-	150,906	-	150,906	
<b>Total Liabilities</b>	<b>1,786,549</b>	<b>1,731,526</b>	<b>1,413,212</b>	<b>497,051</b>	<b>-</b>	<b>253,804</b>	<b>-</b>	<b>5,682,142</b>	
Shareholder's equity	-	-	-	-	-	1,694,467	-	1,694,467	
<b>Total Liabilities and Shareholder's equity</b>	<b>1,786,549</b>	<b>1,731,526</b>	<b>1,413,212</b>	<b>497,051</b>	<b>-</b>	<b>1,948,271</b>	<b>-</b>	<b>7,376,609</b>	
On-balance sheet profit sensitivity gap	(359,454)	(1,115,258)	(1,261,956)	969,068	3,050,147	(1,282,546)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total profit sensitivity gap</b>	<b>(359,454)</b>	<b>(1,115,258)</b>	<b>(1,261,956)</b>	<b>969,068</b>	<b>3,050,147</b>	<b>(1,282,546)</b>	<b>-</b>	<b>-</b>	

# 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 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 2022

	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
<b>Group</b>				
MYR - Ringgit Malaysia	(15,797)	15,797	(221,402)	221,402
USD - United States Dollars	(921)	921	229	(229)
Other Currencies	(73)	73	49	(49)
<b>Total</b>	<b>(16,791)</b>	<b>16,791</b>	<b>(221,124)</b>	<b>221,124</b>
<b>Bank</b>				
MYR - Ringgit Malaysia	(15,797)	15,797	(221,402)	221,402
USD - United States Dollars	(971)	971	389	(389)
Other Currencies	(73)	73	49	(49)
<b>Total</b>	<b>(16,840)</b>	<b>16,840</b>	<b>(220,965)</b>	<b>220,965</b>

# 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 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 2021

	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
<b>Group</b>				
MYR - Ringgit Malaysia	(17,148)	17,148	244,940	(244,940)
USD - United States Dollars	(476)	476	(744)	744
Other Currencies	(70)	70	(119)	119
<b>Total</b>	<b>(17,694)</b>	<b>17,694</b>	<b>244,077</b>	<b>(244,077)</b>
<b>Bank</b>				
MYR - Ringgit Malaysia	(17,148)	17,148	244,748	(244,748)
USD - United States Dollars	(525)	525	(903)	903
Other Currencies	(70)	70	(119)	119
<b>Total</b>	<b>(17,743)</b>	<b>17,743</b>	<b>243,726</b>	<b>(243,726)</b>

##### 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

### A26 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**  
**30 Jun 2022**

#### ASSETS

Cash and short-term funds  
Deposits and placements with banks and  
other financial institutions  
Securities - FVOCI  
Financing, advances and receivables  
Other assets  
**Total Assets**

MYR	SGD	USD	EUR	KWD	Others	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12,479	4,199	120,429	3,968	310	2,399	143,785
4,194	-	-	-	-	-	4,194
3,050,776	-	-	-	-	-	3,050,776
3,418,180	-	135,428	-	-	-	3,553,608
286,250	-	-	-	-	115,666	401,916
<b>6,771,879</b>	<b>4,199</b>	<b>255,858</b>	<b>3,968</b>	<b>310</b>	<b>118,065</b>	<b>7,154,279</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	3,131,741	194,366	147,165	3,465	8	112,687	3,589,433
Deposits and placements with banks and other financial institutions	1,577,055	-	192,819	-	-	-	1,769,874
Investment account of customers	4,227	-	-	-	-	-	4,227
Other liabilities	156,277	-	36	-	-	-	156,313
<b>Total Liabilities</b>	<b>4,869,299</b>	<b>194,366</b>	<b>340,020</b>	<b>3,465</b>	<b>8</b>	<b>112,687</b>	<b>5,519,847</b>
Shareholder's equity	1,626,836	-	7,596	-	-	-	1,634,432
<b>Total Liabilities and Shareholder's equity</b>	<b>6,496,136</b>	<b>194,366</b>	<b>347,616</b>	<b>3,465</b>	<b>8</b>	<b>112,687</b>	<b>7,154,279</b>
On-balance sheet open position	275,743	(190,167)	(91,758)	504	301	5,377	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>275,743</b>	<b>(190,167)</b>	<b>(91,758)</b>	<b>504</b>	<b>301</b>	<b>5,377</b>	-

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group 31 Dec 2021	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	15,035	2,490	122,621	9,662	2,031	2,875	154,714
Deposits and placements with banks and other financial institutions	5,550	31,341	-	-	-	-	36,891
Securities FVTPL	-	-	-	-	-	-	-
Securities FVOCI	3,116,279	-	21,233	-	-	-	3,137,512
Financing, advances and receivables	3,540,515	-	128,786	-	-	-	3,669,301
Equity instruments at FVOCI	-	-	-	-	-	-	-
Other assets	264,437	-	-	-	-	103,554	367,991
<b>Total Assets</b>	<b>6,941,816</b>	<b>33,831</b>	<b>272,640</b>	<b>9,662</b>	<b>2,031</b>	<b>106,429</b>	<b>7,366,409</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	3,386,585	233,473	181,357	8,807	963	104,363	3,915,548
Deposits and placements with banks and other financial institutions	1,507,492	-	81,222	-	-	-	1,588,714
Investment account of customers	5,550	-	-	-	-	-	5,550
Other liabilities	156,369	-	61	-	-	-	156,430
<b>Total Liabilities</b>	<b>5,055,996</b>	<b>233,473</b>	<b>262,640</b>	<b>8,807</b>	<b>963</b>	<b>104,363</b>	<b>5,666,242</b>
Shareholder's equity	1,691,975	-	8,192	-	-	-	1,700,167
<b>Total Liabilities and Shareholder's equity</b>	<b>6,747,971</b>	<b>233,473</b>	<b>270,832</b>	<b>8,807</b>	<b>963</b>	<b>104,363</b>	<b>7,366,409</b>
On-balance sheet open position	193,845	(199,642)	1,808	855	1,068	2,066	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>193,845</b>	<b>(199,642)</b>	<b>1,808</b>	<b>855</b>	<b>1,068</b>	<b>2,066</b>	<b>-</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 30 Jun 2022	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	12,479	4,199	120,429	3,968	310	2,399	143,785
Deposits and placements with banks and other financial institutions	4,194	-	-	-	-	-	4,194
Securities - FVOCI	3,050,776	-	0	-	-	-	3,050,776
Financing, advances and receivables	3,418,180	-	135,428	-	-	-	3,553,608
Other assets	284,549	0	11,901	(0)	0	115,666	412,116
<b>Total Assets</b>	<b>6,770,178</b>	<b>4,199</b>	<b>267,759</b>	<b>3,968</b>	<b>310</b>	<b>118,065</b>	<b>7,164,479</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	3,131,785	194,366	163,068	3,465	8	112,687	3,605,380
Deposits and placements with banks and other financial institutions	1,577,055	-	192,819	-	-	-	1,769,874
Investment account of customers	4,227	-	-	-	-	-	4,227
Other liabilities	156,230	-	36	-	-	-	156,266
<b>Total Liabilities</b>	<b>4,869,296</b>	<b>194,366</b>	<b>355,923</b>	<b>3,465</b>	<b>8</b>	<b>112,687</b>	<b>5,535,747</b>
Shareholder's equity	1,625,139	-	3,594	-	-	-	1,628,732
<b>Total Liabilities and Shareholder's equity</b>	<b>6,494,435</b>	<b>194,366</b>	<b>359,517</b>	<b>3,465</b>	<b>8</b>	<b>112,687</b>	<b>7,164,479</b>
On-balance sheet open position	275,743	(190,167)	(91,758)	504	301	5,377	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>275,743</b>	<b>(190,167)</b>	<b>(91,758)</b>	<b>504</b>	<b>301</b>	<b>5,377</b>	<b>-</b>

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 31 Dec 2021	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
<b>ASSETS</b>							
Cash and short-term funds	15,035	2,490	122,621	9,662	2,031	2,875	154,714
Deposits and placements with banks and other financial institutions	5,550	31,341	-	-	-	-	36,891
Securities FVOCI	3,116,279	-	21,233	-	-	-	3,137,512
Financing, advances and receivables	3,540,515	-	128,786	-	-	-	3,669,301
Other assets	263,392	-	11,245	-	-	103,554	378,191
<b>Total Assets</b>	<b>6,940,771</b>	<b>33,831</b>	<b>283,885</b>	<b>9,662</b>	<b>2,031</b>	<b>106,429</b>	<b>7,376,609</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>							
Deposits from customers	3,386,589	233,473	197,260	8,807	963	104,363	3,931,455
Deposits and placements with banks and other financial institutions	1,507,492	-	81,222	-	-	-	1,588,714
Investment account of customers	5,550	-	-	-	-	-	5,550
Other liabilities	156,361	-	62	-	-	-	156,423
<b>Total Liabilities</b>	<b>5,055,992</b>	<b>233,473</b>	<b>278,544</b>	<b>8,807</b>	<b>963</b>	<b>104,363</b>	<b>5,682,142</b>
Shareholder's equity	1,690,933	-	3,534	-	-	-	1,694,467
<b>Total Liabilities and Shareholder's equity</b>	<b>6,746,925</b>	<b>233,473</b>	<b>282,078</b>	<b>8,807</b>	<b>963</b>	<b>104,363</b>	<b>7,376,609</b>
On-balance sheet open position	193,846	(199,642)	1,807	855	1,068	2,066	-
Off-balance sheet open position	-	-	-	-	-	-	-
<b>Net open position</b>	<b>193,846</b>	<b>(199,642)</b>	<b>1,807</b>	<b>855</b>	<b>1,068</b>	<b>2,066</b>	-

# 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 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 2022. 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-22		31-Dec-21	
	Change in exchange rate %	Effect on Income Statements/ Equity RM'000	Change in exchange rate %	Effect on Income Statements/ Equity RM'000
<b>Group</b>				
Singapore Dollar (SGD)	1	(1,902)	1	(1,996)
US Dollar (USD)	1	(918)	1	18
Euro (EUR)	1	5	1	9
<b>Bank</b>				
Singapore Dollar (SGD)	1	(1,902)	1	(1,996)
US Dollar (USD)	1	(918)	1	18
Euro (EUR)	1	5	1	9

# 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 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 2022

Exposure class	Rating of Corporates by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000
Credit exposures (using corporate risk-weights)						
Group and Bank Corporates		722,713	-	10,033	-	3,111,560

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2022

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 and Bank Sovereigns/Central Banks		-	545,756	4,960	-	-	-

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
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Banks, MDBs and FDIs		21,498	118,765	4,462	-	-	23,708

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2021

Exposure class	Rating of Corporates by approved ECAls					
	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
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Credit exposures (using corporate risk-weights)		RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Corporates		669,886	21,233	13,784	-	3,129,806

Exposure class	Rating of Sovereigns and Central Banks by approved ECAls						
	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						
	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 and Bank Sovereigns/Central Banks		-	646,488	5,548	-	-	6,313

Exposure class	Rating of Banking Institutions by approved ECAls						
	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
Credit exposures (using corporate risk-weights)		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Banks, MDBs and FDIs		44,006	124,054	10,414	-	-	21,286

# 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

### A26 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 2022

#### Group and Bank

#### (i) Credit Risk

##### (a) On-Balance Sheet Exposures

Sovereigns/Central Banks  
Banks, Development Financial Institutions & MDBs  
Corporates  
Regulatory Retail  
Residential Mortgages  
Other Assets  
Defaulted Exposures<sup>2</sup>

##### Total On Balance Sheet Exposures

##### (b) Off-Balance Sheet Exposures\*

OTC Derivatives<sup>3</sup>  
Off-balance sheet exposures other than OTC derivatives<sup>2</sup>

##### 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
	550,716	539,466	-
	151,016	20,301	-
	3,635,420	1,768,296	87,362
	1,477,137	-	2,509
	1,076,242	-	1,573
	316,104	-	-
	150,972	-	775
	<b>7,357,607</b>	<b>2,328,064</b>	<b>92,220</b>
	18,507	-	-
	121,446	-	-
	<b>139,954</b>	<b>-</b>	<b>-</b>
	<b>7,497,560</b>	<b>2,328,064</b>	<b>92,220</b>

**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 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 2021**

**Group and Bank**

**(i) Credit Risk**

**(a) On-Balance Sheet Exposures**

Sovereigns/Central Banks  
Banks, Development Financial Institutions & MDBs  
Corporates  
Regulatory Retail  
Residential Mortgages  
Other Assets  
Defaulted Exposures<sup>2</sup>

**Total On Balance Sheet Exposures**

**(b) Off-Balance Sheet Exposures\***

OTC Derivatives<sup>3</sup>  
Off-balance sheet exposures other than OTC derivatives<sup>2</sup>

**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
658,349	644,053	-
192,014	20,485	-
3,612,869	1,781,855	83,330
1,586,253	-	3,811
1,059,492	-	727
315,758	-	-
152,944	-	768
<b>7,577,679</b>	<b>2,446,393</b>	<b>88,636</b>
7,746	-	-
133,102	-	-
<b>140,848</b>	<b>-</b>	<b>-</b>
<b>7,718,527</b>	<b>2,446,393</b>	<b>88,636</b>

# 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 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 2022, are as follows:

Group and Bank 30 Jun 2022	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	36,385		36,056	35,171
Transaction related contingent Items	98,875		48,649	37,412
Short Term Self Liquidating trade related contingencies				
Foreign exchange related contracts				
One year or less	860,700	10,821	18,507	5,738
Over one year to five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	48,617		21,414	16,312
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	142,658		15,328	12,213
	<b>1,187,235</b>	<b>10,821</b>	<b>139,954</b>	<b>106,847</b>

# 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 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 2021, are as follows:

Group and Bank 31 Dec 2021	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	36,395		35,496	34,625
Transaction related contingent Items	97,271		47,488	36,954
Short Term Self Liquidating trade related contingencies				
Foreign exchange related contracts				
One year or less	688,727	5,805	7,746	3,330
Over one year to five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	63,184		27,859	22,634
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	184,623		22,259	18,758
	1,070,200	5,805	140,848	116,301

# 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 FINANCIAL RISK MANAGEMENT (Cont'd.)

#### (h) Equities (Disclosure for banking book positions)

30 Jun 2022

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
	<b>10,200</b>	-	Capital Deduction
	10,200	-	Capital Deduction
	<b>55,530</b>	<b>(55,530)</b>	-
	36,100	(36,100)	-
	19,430	(19,430)	-
	-	-	-

31 Dec 2021

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
	<b>10,200</b>	-	Capital Deduction
	10,200	-	Capital Deduction
	-	-	
	<b>55,430</b>	<b>(55,430)</b>	-
	36,100	(36,100)	-
	19,330	(19,330)	-
	-	-	-

# 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 2022 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 2021.

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 2021.

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 2022 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 2021.

#### 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 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statement (Amendments for Classification of Liabilities as Current or Non-current and Disclosure of accounting policies)	1 January 2023
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments for Definition of estimates)	1 January 2023
MFRS 112 Income Taxes (Amendments for deferred tax assets and liabilities arising from a single transaction)	1 January 2023

#### 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 2021 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 2022.

**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 six months ended 30 June 2022.

**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 six months ended 30 June 2022.

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 30 June 2022.

**B7 Debt and Equity Securities**

There were no issuances of debt and equity securities during the six months ended 30 June 2022.

**B8 Dividends Paid**

There were no dividends paid during the six months ended 30 June 2022.

**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**

<b>Group</b>	<b>Treasury &amp; Capital Markets</b>	<b>Corporate &amp; Investment Banking</b>	<b>Commercial Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>30 Jun 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	73,072	29,573	6,241	66,388		175,274
Revenue from other segments	42,276	182	695	25,860	(69,013)	-
<b>Total Revenue</b>	<b>115,348</b>	<b>29,754</b>	<b>6,937</b>	<b>92,248</b>	<b>(69,013)</b>	<b>175,274</b>
Segment results	43,628	19,790	3,025	10,018		76,461
Unallocated expenses						(48,578)
<b>Profit from operations</b>						<b>27,883</b>
Taxation						(603)
<b>Net profit for the year</b>						<b>27,280</b>
<b>Other information</b>						
Segment assets	3,208,080	1,080,389	109,659	2,708,791	(26,147)	7,080,771
Unallocated corporate assets						73,508
Total assets						<b>7,154,279</b>
Segment liabilities	7,923,936	353,723	405,853	6,746,627	(15,947)	15,414,192
Unallocated corporate liabilities						(9,894,345)
Total liabilities						<b>5,519,847</b>
<b>Other segment items</b>						
Purchase of property and equipment				681		681
Purchase of intangible assets				293		293
Depreciation of property and equipment				1,434		1,434
Amortisation of intangible assets				3,149		3,149
Other non-cash expense other than depreciation	-	3,795	(45)	(28,553)	-	(24,803)

**(ii) By Geographical Locations**

<b>Group</b>	<b>Operating Revenue RM'000</b>	<b>Profit Before Zakat and Taxation RM'000</b>	<b>Total Assets RM'000</b>
<b>30 Jun 2022</b>			
Malaysia	175,274	27,883	7,154,279

**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**

<b>Group</b>	<b>Treasury &amp; Capital Markets</b>	<b>Corporate &amp; Investment Banking</b>	<b>Commercial Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>30 June 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	82,995	33,603	6,636	70,636		193,870
Revenue from other segments	50,453	223	646	23,855	(75,178)	-
<b>Total Revenue</b>	<b>133,448</b>	<b>33,826</b>	<b>7,283</b>	<b>94,491</b>	<b>(75,178)</b>	<b>193,870</b>
Segment results	44,864	21,750	4,921	10,497	-	82,033
Unallocated expenses						(39,869)
<b>Loss from operations</b>						<b>42,163</b>
Zakat						(10,088)
Taxation						(10,088)
<b>Net loss for the year</b>						<b>32,075</b>
<b>Other information</b>						
Segment assets	3,846,437	1,141,062	205,419	2,904,071	(26,109)	8,070,880
Unallocated corporate assets						138,736
Total assets						<b>8,209,615</b>
Segment liabilities	7,976,157	403,353	433,608	6,335,463	(15,909)	15,132,671
Unallocated corporate liabilities						(8,634,671)
Total liabilities						<b>6,498,000</b>
<b>Other segment items</b>						
Purchase of property and equipment				348		348
Purchase of intangible assets				243		243
Depreciation of property and equipment				1,787		1,787
Amortisation of intangible assets				2,507		2,507
Other non-cash expense other than depreciation	-	2,495	1,951	(28,551)	-	(24,106)

**(ii) By Geographical Locations**

<b>Group</b>	<b>Operating Revenue RM'000</b>	<b>Profit Before Zakat and Taxation RM'000</b>	<b>Total Assets RM'000</b>
<b>30 June 2021</b>			
Malaysia	193,870	42,163	8,209,615

**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 2021.

**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 2021.

**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 2021 other than those as disclosed in note A22.

**B14 Capital Commitments**

	<b>Group and Bank RM'000</b>
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	56
- purchase of equipment	3
- purchase of IT hardware	333
- purchase of IT software	3,383
	<u>3,775</u>
Authorised and not contracted for:	
- purchase of IT hardware & software	49,126
	<u>49,126</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  
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