



KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(200401033666)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2024

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
ASSETS					
Cash and short-term funds	A3	470,760	180,692	470,760	180,692
Deposits and placements with banks and other financial institutions	A4	2,182	2,471	2,182	2,471
Gold depository		140,212	122,694	140,212	122,694
Debt instruments at FVOCI	A5	2,008,766	3,828,608	2,008,766	3,828,608
Financing, advances and other receivables	A6	3,050,685	3,306,309	3,050,685	3,306,309
Other assets	A7	84,946	81,315	84,946	81,315
Hedging financial instruments	A8	1,529	6,835	1,529	6,835
Statutory deposits with Bank Negara Malaysia		78,147	104,497	78,147	104,497
Right of use of assets	A9	2,032	6,883	2,032	6,883
Property and equipment		12,018	12,053	12,018	12,053
Intangible assets		10,246	12,151	10,246	12,151
Deferred tax assets		-	-	-	-
		5,861,523	7,664,508	5,861,523	7,664,508
LIABILITIES					
Deposits from customers	A10	2,648,990	3,373,577	2,649,044	3,373,581
Investment accounts of customers	A12	2,195	2,493	2,195	2,493
Deposits and placements of banks and other financial institutions	A11	1,306,259	2,429,145	1,306,259	2,429,145
Hedging financial instruments	A8	1,340	691	1,340	691
Lease Liabilities	A9	2,076	8,638	2,076	8,638
Other liabilities	A13	119,383	81,148	119,326	81,141
		4,080,243	5,895,692	4,080,240	5,895,689
SHAREHOLDER'S EQUITY					
Share capital	A14	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		356,008	343,544	356,011	343,547
		1,781,280	1,768,816	1,781,283	1,768,819
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		5,861,523	7,664,508	5,861,523	7,664,508
COMMITMENTS AND CONTINGENCIES					
	A20	648,308	786,928	648,308	786,928
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A23	51.677%	47.454%	51.677%	47.454%
Total Capital Ratio	A23	52.775%	48.560%	52.775%	48.560%
NET ASSETS PER SHARE (RM)					
		1.25	1.24	1.25	1.24

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

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

Group and Bank	Note	2nd Quarter ended 30-Jun		Six-months ended 30-Jun	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Continuing Operations</u>					
Operating revenue		103,118	88,075	199,215	174,808
Income derived from investment of depositors' funds and others	A15	72,346	64,204	143,524	128,163
Income derived from investment of investment account funds	A19	20	23	39	48
Income derived from investment of shareholder's equity	A16	30,752	23,848	55,652	46,597
Total gross income		103,118	88,075	199,215	174,808
Credit loss (charge)/writeback on financial assets	A17	(2,399)	296	6,293	6
Total distributable income		100,719	88,371	205,508	174,814
Income attributable to the depositors	A18	(37,779)	(43,791)	(85,742)	(83,860)
Profit distributed to investment account holders	A19	(12)	(14)	(23)	(29)
Total net income		62,928	44,566	119,743	90,925
Personnel expenses		(14,403)	(13,981)	(29,124)	(28,180)
Other overheads and expenditures		(22,233)	(16,699)	(43,314)	(33,344)
Finance cost		289	(338)	(99)	-
Profit before zakat and taxation		26,581	13,548	47,206	29,401
Taxation		(8,505)	(362)	(8,338)	(909)
Net profit for the period		18,076	13,186	38,868	28,492
Attributable to:					
Equity holders of the Bank		18,076	13,186	38,868	28,492
Earnings per share attributable to equity holders of the Bank					
- Basic/Diluted (sen)		1.27	0.93	2.73	2.00

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		Six-months ended 30-Jun	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group and Bank				
Net profit for the period	18,076	13,186	38,868	28,492
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at FVOCI:				
- Net unrealised gain / (loss)	(10,228)	12,026	(3,007)	52,796
- Net realised gain / (loss) reclassified to the income statement	(25,208)	(222)	(31,735)	(1,124)
- Changes in allowance for expected credit losses	-	-	-	801
Income tax relating to components of other comprehensive income/(loss)	8,504	(2,833)	8,338	(12,401)
Other comprehensive income/(loss) for the period, net of tax	(26,932)	8,971	(26,404)	40,072
Total comprehensive income/(loss) for the period	(8,856)	22,156	12,464	68,564
Total comprehensive income/(loss) for the period attributable to equity holders of the Bank	(8,856)	22,156	12,464	68,564

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	FVOCI Reserve RM'000		Retained Earnings RM'000
Group					
At 1 January 2024	1,425,272	260,486	35,327	47,731	1,768,816
Profit for the financial year	-	-	-	38,868	38,868
Other comprehensive income	-	-	(26,404)	-	(26,404)
Transfer to statutory reserve	-	-	-	-	-
At 30 Jun 2024	1,425,272	260,486	8,923	86,599	1,781,280
At 1 January 2023	1,425,272	247,491	(22,974)	34,737	1,684,526
Profit for the financial year	-	-	-	23,894	25,989
Total comprehensive income	-	-	58,301	-	58,301
Transfer to statutory reserve	-	12,995	-	(12,995)	-
At 31 December 2023	1,425,272	260,486	35,327	47,731	1,768,816
Bank					
At 1 January 2024	1,425,272	260,486	35,327	47,734	1,768,819
Profit for the financial year	-	-	-	38,868	38,868
Other comprehensive income	-	-	(26,404)	-	(26,404)
Transfer to statutory reserve	-	-	-	-	-
At 30 Jun 2024	1,425,272	260,486	8,923	86,602	1,781,283
At 1 January 2023	1,425,272	247,491	(22,974)	34,740	1,684,529
Profit for the financial year	-	-	-	25,989	25,989
Other comprehensive income	-	-	58,301	-	58,301
Transfer to statutory reserve	-	12,995	-	(12,995)	-
At 31 December 2023	1,425,272	260,486	35,327	47,734	1,768,819

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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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group and Bank	
	30-Jun 2024 RM'000	30-Jun 2023 RM'000
Profit before zakat and taxation	47,206	29,401
Adjustments for non-cash items	(17,391)	16,800
Operating profit before changes in working capital	29,815	46,200
<u>Changes in the working capital</u>		
Net changes in operating assets	266,162	56,701
Net changes in operating liabilities	(1,862,198)	145,610
Net cash generated/(used in) from operating activities	(1,596,037)	202,311
Net cash generated/(used in) from financing activities	(6,496)	(7,486)
Net cash generated/(used in) from investing activities	1,862,477	(235,587)
Net change in cash and cash equivalents	289,759	5,439
Cash and cash equivalents at beginning of the period	183,184	148,807
Cash and cash equivalents at end of the period	472,944	154,246

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 RM38.9 million for the period ended 30 June 2024.

A2 OUTLOOK FOR 2024

Despite the challenging operating environment, Malaysia's economy remains resilient. The Malaysian economy is projected to grow by 4% to 5% in 2024, supported by robust domestic demand. Meanwhile, the recovery in exports will be underpinned by stronger global trade, technology upcycle and further improvement in tourism activity.

Household spending remains the anchor of overall growth and is projected to expand at a faster pace of 5.7%. Investment activities will be lifted by new and ongoing multi-year projects by both the private and public sectors, as well as implementation of projects related to the national master plans. Manufacturing sector is expected to grow at a stronger pace, driven by expansion in the E&E cluster amid the global tech cycle rebound.

The growth outlook remains subject to downside risks include weaker-than-expected global growth, further escalation of geopolitical conflicts, and more severe shocks on commodity production due to extreme weather events. There are also upside risks stemming mainly from greater spillovers from the global technology upcycle and more robust tourism activity. Additional upside could also arise from faster implementation of existing and new investment projects by both the public and private sectors.

However, risks remain arising from further escalation of geopolitical tensions, weaker-than-expected external demand and potential impact subsidy rationalisation on spending activity.

A3 Cash and short term funds

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

Less : ECL allowance

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
43,608	63,022
429,984	119,273
473,592	182,295
(2,832)	(1,603)
470,760	180,692

Included in money at call and interbank placements is a balance of RM119.0million 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 based on the Bank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances.

Group and Bank

Internal rating grade :
Neither past due nor impaired
Past due but not impaired
Individually impaired
Total

30-Jun-24			
Stage 1	Stage 2	Stage 3	Total
RM'000	RM'000	RM'000	RM'000
473,592	-	-	473,592
-	-	-	-
-	-	-	-
473,592	-	-	473,592

Group and Bank

Internal rating grade :
Neither past due nor impaired
Past due but not impaired
Individually impaired
Total

31-Dec-23			
Stage 1	Stage 2	Stage 3	Total
RM'000	RM'000	RM'000	RM'000
182,295	-	-	182,295
-	-	-	-
-	-	-	-
182,295	-	-	182,295

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

An analysis of changes in the ECL allowances as follows:

30 Jun 2024 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	1,603	-	-	1,603
Allowance made during the year	1,229	-	-	1,229
ECL allowance as at 30 Jun 2024	2,832	-	-	2,832

31 December 2023 Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	1,499	-	-	1,499
Allowance made during the year	104	-	-	104
ECL allowance as at 31 December 2023	1,603	-	-	1,603

A4 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Bank Negara Malaysia ^	2,195	2,493
Other financial institutions	-	-
	2,195	2,493
Less : ECL Allowance	(13)	(22)
	2,182	2,471

^ The placement with Bank Negara Malaysia are funded by investment accounts of customers as disclosed in Note A12.

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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

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification. The amounts presented are gross of impairment allowances.

	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group and Bank				
Internal rating grade :				
Neither past due nor impaired	2,195	-	-	2,195
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	2,195	-	-	2,195

	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group and Bank				
Internal rating grade :				
Neither past due nor impaired	2,493	-	-	2,493
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	2,493	-	-	2,493

An analysis of changes in the ECL allowances as follows:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
30 Jun 2024				
Group and bank				
ECL allowance as at 1 January 2024	22	-	-	22
Allowance writeback during the year	(9)	-	-	(9)
ECL allowance as at 30 Jun 2024	13	-	-	13

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31 December 2023				
Group and Bank				
ECL allowance as at 1 January 2023	38	-	-	38
Allowance writeback during the year	(16)	-	-	(16)
ECL allowance as at 31 December 2023	22	-	-	22

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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 stage classification.

Group and Bank

Government Sukuk
Corporate Sukuk

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Government Sukuk	1,664,333	2,751,731
Corporate Sukuk	344,433	1,076,877
	2,008,766	3,828,608

Group and Bank

Internal rating grade :
Performing
Total

30-Jun-24			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2,008,766	-	-	2,008,766
2,008,766	-	-	2,008,766

Group and Bank

Internal rating grade :
Performing
Total

31-Dec-23			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
3,828,608	-	-	3,828,608
3,828,608	-	-	3,828,608

Group and Bank

ECL allowance as at 1 January 2024
Allowance writeback during the year
ECL allowance as at 30 June 2024 *

30 Jun 2024			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
5,629	-	-	5,629
-	-	-	-
5,629	-	-	5,629

Group and Bank

ECL allowance as at 1 January 2023
Allowance writeback during the year
ECL allowance as at 31 December 2023 *

31 Dec 2023			
Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
9,357	-	-	9,357
(3,728)	-	-	(3,728)
5,629	-	-	5,629

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

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A6 Financing, Advances and Other Receivables

i) At amortised cost

Term financing

- House financing
- Personal financing
- Cashline financing
- Syndicated financing
- Hire purchase receivables
- Other term financing

Staff financing

Less: Impairment allowances

- Stage 1 Financing
- Stage 2 Financing
- Stage 3 Financing

Net financing and advances to customers

Less: Impairment allowances

- Stage 1 Undrawn
- Stage 1 Letter of Credit and Performance Guarantee
- Stage 1 Financial Guarantee

Net financing, advances and other receivables

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
1,120,388	1,132,858
899,720	941,254
1,747	1,784
183,377	185,554
488,091	520,784
652,331	820,871
16,491	17,890
3,362,145	3,620,995
(143,630)	(147,063)
(70,853)	(69,328)
(96,042)	(98,021)
3,051,620	3,306,583
(822)	(31)
(111)	(241)
(2)	(2)
3,050,685	3,306,309

ii) By contract

Ijarah Muntahia Bittamlik

(lease ended with ownership)

Murabahah (cost-plus)

Mudharabah (profit sharing)

Qard (benevolent financing)

Musyarakah (profit and loss sharing)

Istisna'

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
1,705,990	1,763,949
1,605,072	1,805,606
43,705	43,705
1,015	892
5,640	6,091
723	752
3,362,145	3,620,995

iii) By type of customer

Business enterprises

- Small medium enterprises
- Others

Individuals

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
166,142	184,924
643,721	793,790
2,552,282	2,642,281
3,362,145	3,620,995

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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 2024	31 Dec 2023
RM'000	RM'000
732,162	905,698
162,637	109,572
212,379	276,324
2,254,967	2,329,401
3,362,145	3,620,995

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
3,359,921	3,618,681
1,097	1,160
1,127	1,154
3,362,145	3,620,995

vi) By profit rate sensitivity

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

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
1,715	1,895
488,091	520,784
183,377	185,554
760,838	799,540
1,118,673	1,130,963
809,451	982,259
3,362,145	3,620,995

vii) By sector

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

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
300,671	303,133
12,277	14,497
9,478	12,632
2,552,282	2,642,281
89,962	101,470
164,976	222,492
51,454	57,470
150,215	237,695
30,830	29,325
3,362,145	3,620,995

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

viii) By economic purpose

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

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
488,091	520,784
1,120,388	1,132,858
81,121	155,285
418,210	560,272
190,710	192,984
899,720	941,254
163,905	117,558
3,362,145	3,620,995

(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'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2024							
House financing	1,114,049	60	-	5,556	-	723	1,120,388
Personal financing	-	899,023	-	-	697	-	899,720
Syndicated financing	-	183,377	-	-	-	-	183,377
Cashline financing	-	1,747	-	-	-	-	1,747
Hire purchase receivables	488,091	-	-	-	-	-	488,091
Other term financing	89,114	519,512	43,705	-	-	-	652,331
Staff financing	14,736	1,353	-	84	318	-	16,491
Total	1,705,990	1,605,072	43,705	5,640	1,015	723	3,362,145

	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'	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
House financing	1,126,040	63	-	6,003	-	752	1,132,858
Personal financing	-	940,478	-	-	776	-	941,254
Syndicated financing	-	185,554	-	-	-	-	185,554
Cashline financing	-	1,784	-	-	-	-	1,784
Hire purchase receivables	520,784	-	-	-	-	-	520,784
Other term financing	101,038	676,128	43,705	-	-	-	820,871
Staff financing	16,087	1,599	-	88	116	-	17,890
Total	1,763,949	1,805,606	43,705	6,091	892	752	3,620,995

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

x) Purpose and Source of Qard financing

As at 1 January	
Source of Qard fund:	
- Depositors' Fund	
- Shareholders' Fund	
Uses of Qard fund:	
- Financing for asset purchase	
- Staff Benevolent	
Closing balance	

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
892	983
204	-
139	-
65	-
(81)	(91)
(55)	(70)
(26)	(21)
1,015	892

xi) Movements in impaired financing, advances and other receivables

At 1 Jan	
- Impaired during the period/year	
- Reclassified to performing during the year	
- Amount recovered	
- Amount written off	
Reinstatement of previously written down accounts	
Closing balance	

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
225,478	263,632
38,146	42,142
(979)	(2,992)
(37,652)	(26,900)
(3,998)	(50,511)
153	107
221,148	225,478
3.83%	3.60%

Ratio of net impaired financing,
advances and other
receivables to gross financing,
advances and other receivables
less Stage 3 ECL

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

Stage 1 and 2 ECL	
As at 1 Jan	
Allowance (writeback)/made during the year	
Closing balance	

Group and Bank	
30 Jun 2024	31 Dec 2023
RM'000	RM'000
216,665	260,166
(1,247)	(43,501)
215,418	216,665
6.60%	6.15%

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

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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 January

Movement of net allowance during the year

- Allowance charged during the year

- Allowance written-back during the year

Amount written off

Reinstatement of previously written down accounts

At closing balance

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
98,021	121,971
1,866	26,454
10,405	51,296
(8,539)	(24,842)
(3,998)	(50,511)
153	107
96,042	98,021

xiii) Impaired financing by sector

Household

Manufacturing

Real Estate

Wholesale & retail trade and restaurants & hotels

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
51,948	50,400
23,385	27,458
140,537	140,722
5,278	6,898
	-
221,148	225,478

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

xiii) Impairment allowance for financing and advances to customers

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification. The amounts presented are before impairment allowances and modification loss.

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impact	2,966,983	39,079	-	3,006,062
Past due but not impaired	-	134,935	-	134,935
Individually impaired	-	-	221,148	221,148
Total	2,966,983	174,014	221,148	3,362,145

<u>Group and Bank</u>	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due nor impact	3,190,950	45,840	-	3,236,791
Past due but not impaired	-	158,727	-	158,727
Individually impaired	-	-	225,478	225,478
Total	3,190,950	204,567	225,478	3,620,995

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

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	147,337	69,328	98,021	314,686
Transfer to 12-month ECL	8,703	(7,721)	(982)	-
Transfer to lifetime ECL not credit impaired	(850)	2,427	(1,577)	-
Transfer to lifetime ECL credit impaired	(164)	(3,349)	3,513	-
Allowance writeback during the year	(10,461)	10,168	912	619
Write-offs	-	-	(3,998)	(3,998)
Reinstatement of previously written down	-	-	153	153
ECL allowance as at 30 Jun 2024	144,565	70,853	96,042	311,460

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

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

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

Group and Bank	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	148,856	111,310	121,971	382,137
Transfer to 12-month ECL	12,373	(11,511)	(862)	-
Transfer to lifetime ECL not credit impaired	(4,852)	7,628	(2,776)	-
Transfer to lifetime ECL credit impaired	(853)	(4,731)	5,584	-
Allowance made during the year	(8,187)	(33,368)	24,508	(17,047)
Write-offs	-	-	(50,511)	(50,511)
Reinstatement of previously written down accounts	-	-	107	107
ECL allowance as at 31 December 2023	147,337	69,328	98,021	314,686

A7 Other Assets

	Group and Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Deposits and prepayments	10,790	7,112
Amount due from other related parties (at Fair Value)	74,006	74,006
Sundry debtors	150	197
	84,946	81,315

(i) The amount due from related party is unsecured, profit-free and repayable on demand.

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A8 Hedging Financial Instruments

Group and Bank

At 30 Jun 2024

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
341,324	1,529	1,340
-	-	-
341,324	1,529	1,340

Group and Bank

At 31 Dec 2023

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

Notional Amount RM'000	Fair Value	
	Assets RM'000	Liabilities RM'000
495,210	6,397	263
82,871	438	428
578,081	6,835	691

The Group's and 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 gain of RM5,954,625 for the period ended 30 June 2024 (31 December 2023: Net loss of RM1,184,081).

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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
Cost				
As at 1 January 2024	6,649	84	150	6,883
Additions	-	-	-	-
Depreciation charge (Note 31)	(4,616)	(29)	(41)	(4,686)
Adjustment/remeasurement	(165)	-	-	(165)
As at 30 June 2024	1,868	55	109	2,032
Cost				
As at 1 January 2023	53,649	142	82	53,873
Additions	3,674	-	165	3,839
Depreciation charge (Note 31)	(11,409)	(58)	(97)	(11,564)
Adjustment/remeasurement	(39,265)	-	-	(39,265)
As at 31 December 2023	6,649	84	150	6,883

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

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	8,403	83	152	8,638
Addition	-	-	-	-
Accretion of profit	95	1	3	99
Payment	(6,423)	(30)	(43)	(6,496)
Adjustment/remeasurement	(165)	-	-	(165)
As at 30 June 2024	1,910	54	112	2,076

	Group and Bank			
	Buildings	Office Equipments	Motor Vehicles	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	57,952	141	91	58,184
Addition	3,674	-	165	3,839
Accretion of profit	903	3	2	908
Payment	(14,123)	(61)	(106)	(14,289)
Adjustment/remeasurement	(40,003)	-	-	(40,003)
As at 31 December 2023	8,403	83	152	8,638

The undiscounted maturity analysis of lease liabilities are as follows:

	Group and Bank	Group and Bank
	RM'000	RM'000
	30 Jun 2024	31 Dec 2023
Less than one year	1,604	7,576
Between one and five years	511	1,203
	2,115	8,779

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A10 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Qard				
- Demand deposits	262,463	302,750	262,517	302,754
- Gold deposits	139,269	120,701	139,269	120,701
Murabahah				
- Term placement	2,129,732	2,813,816	2,129,732	2,813,816
- Savings deposits	117,526	136,310	117,526	136,310
	2,648,990	3,373,577	2,649,044	3,373,581

(ii) By type of customer

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Business enterprises	1,162,122	1,599,338	1,162,122	1,599,338
Individuals	340,442	308,929	340,442	308,929
Subsidiaries	-	-	54	4
Government and statutory bodies	1,002,190	1,363,376	1,002,190	1,363,376
Other enterprises	144,236	101,934	144,236	101,934
	2,648,990	3,373,577	2,649,044	3,373,581

(iii) By contractual maturity

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Due within six months	2,350,563	3,044,778	2,350,617	3,044,782
More than six months to one year	298,128	328,789	298,128	328,789
More than one year to three years	299	10	299	10
	2,648,990	3,373,577	2,649,044	3,373,581

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A11 Deposits and Placements of Banks and Other Financial Institutions

Murabahah

Licensed Islamic banks
Other financial institutions

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
-	300,000
1,206,836	2,129,145
1,306,259	2,429,145

A12 Investment Accounts

As at 1 January
Net placement during the year
Income from investment
Profit distributed to mudarib
As at Closing date

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
2,493	3,734
(353)	(1,295)
39	91
16	(37)
2,195	2,493
2,195	2,493

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
(%)	(%)
60.00	1.80

Business enterprises
Individuals
Other enterprises

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
855	1,096
1,170	1,374
170	23
2,195	2,493

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A13 Other Liabilities

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Sundry creditors (i)	79,191	38,743	79,134	38,736
Accrued restoration cost	6,762	7,141	6,762	7,141
Other provisions and accruals	31,964	33,842	31,964	33,842
Undistributed charity funds (ii)	1,466	1,422	1,466	1,422
	119,383	81,148	119,326	81,141

(i) Included in sundry creditors is an amount payable to holding company of RM5.0million (2022:RM5.1million) arising from revenue streams of Specific Profit Sharing Investment Accounts ("SPSIA").

(ii) Sources and uses of charity funds:

Sources of charity funds:

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

Uses of charity funds:

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

Closing balance

Group and Bank	
30 Jun 2024 RM'000	31 Dec 2023 RM'000
1,422	1,502
3,280	312
4,702	1,814
(3,112)	(36)
(117)	(310)
(7)	(46)
(3,236)	(392)
1,466	1,422

A14 Share Capital

	Number of ordinary shares at RM1.00 each		Amount	
	30 Jun 2024 Units'000	31 Dec 2023 Units'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
As at 1 January/ As at 31 December	1,425,272	1,425,272	1,425,272	1,425,272

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A15 Income derived from investment of depositors' funds and others

	2nd Quarter ended 30-Jun		Six-months ended 30-Jun	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	33,615	38,735	70,470	76,584
Finance income from impaired financing	108	(169)	352	252
Finance income from financial assets at FVOCI	19,836	25,182	49,653	49,232
Money at call and deposits with financial institutions	921	80	946	118
	54,480	63,828	121,421	126,186
Amortisation of premium less accretion of discounts	(655)	(665)	(1,665)	(1,252)
Total finance income and hibah	53,825	63,163	119,756	124,934
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	17,920	166	22,775	840
Foreign exchange (loss)/gain				
- Realised	601	875	993	2,389
	72,346	64,204	143,524	128,163

A16 Income derived from Investment of Shareholder's Equity

	2nd Quarter ended 30-Jun		Six-months ended 30-Jun	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group and Bank				
Finance income from financing, advances and other receivables	13,895	13,016	26,148	25,854
Finance income from impaired financing	43	(57)	124	86
Finance income from financial assets at FVOCI	8,098	8,459	18,001	16,616
Money at call and deposits with financial institutions	379	27	387	40
	22,415	21,445	44,660	42,596
Amortisation of premium less accretion of discounts	(268)	(224)	(603)	(423)
Total finance income and hibah	22,147	21,221	44,057	42,173
Fee income				
- Commission	224	824	382	1,221
- Other fee income	519	750	905	1,343
Gain/(loss) arising from sale of securities				
- Financial assets at FVOCI	7,288	55	8,960	283
Foreign exchange (loss)/gain				
- Realised	898	9,624	9,535	12,149
- Unrealised	(324)	(8,627)	(8,192)	(10,572)
Gain on disposal of property, plant and equipment	-	-	5	-
	30,752	23,848	55,652	46,597

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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
30 June 2024				
<u>Group and Bank</u>				
Cash and short-term funds	(1,229)	-	-	(1,229)
Deposit and placements with banks and other financial institutions	9	-	-	9
Financing and advances to customers	2,772	(1,525)	(1,867)	(620)
Bad debt recovered	-	-	8,133	8,133
Total Impairment loss (charges)/writeback	1,552	(1,525)	6,266	6,293
30 June 2023				
<u>Group and Bank</u>				
Cash and short-term funds	(115)	-	-	(115)
Financing and advances to customers	850	11,717	(14,658)	(2,091)
Bad debt recovered	-	-	2,630	2,630
Debt instruments measured at FVOCI	(801)	-	-	(801)
Financial guarantees	172	-	-	172
Financing commitments	28	-	-	28
Letters of credit	183	-	-	183
Total Impairment loss (charges)/writeback	317	11,717	(12,028)	6

A18 Income Attributable to the Depositors

	2nd Quarter ended 30-Jun		Six-months ended 30-Jun	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Group and Bank</u>				
Deposits from customers				
- Murabahah	23,596	26,547	50,395	51,643
Deposits and placements of banks and other financial institutions				
- Murabahah and Wakalah	14,163	17,212	35,305	32,140
- Others	20	32	42	77
	37,779	43,791	85,742	83,860

A19 Profit Distributed to Investment Account Holders

	Six-months ended 30-Jun	
	2024 RM'000	2023 RM'000
<u>Group and Bank</u>		
Income derived from investment of investment account funds	39	48
Profit distributed to mudarib	(16)	(19)
	23	29

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A20 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 2024			As at 31 Dec 2023		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group and Bank						
Direct credit substitutes	893	893	-	895	895	-
Transaction related contingencies	83,897	41,948	31,324	93,294	46,647	35,769
Irrevocable commitments to extend credit						
- maturity less than one year	182,934	36,587	36,335	83,426	16,685	16,684
- maturity more than one year	39,260	19,630	15,241	31,232	15,616	10,852
Foreign exchange related contracts *						
- less than one year	190,553	3,296	659	408,304	11,886	2,688
- one year to five years	150,771	3,943	789	169,777	5,836	1,687
	648,308	106,297	84,348	786,928	97,565	67,680

* 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 2024	Dec 2023
	RM'000	RM'000
Financial guarantees	893	895
Letters of credit	83,897	93,294
Other undrawn commitments	222,194	114,658
Total commitment	306,984	208,847
Less : ECL (charge)/writeback	(935)	(274)
	306,049	208,573

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A20 Commitments and Contingencies (Cont'd.)

(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 based on the Bank's internal credit rating system and stage classification.

Group and Bank	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	893	-	-	893
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	893	-	-	893

Group and Bank	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	895	-	-	895
Past due but not impaired	-	-	-	-
Individually impaired	-	-	-	-
Total	895	-	-	895

An analysis of changes in the ECLs are, as follows:

Group and Bank	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	2	-	-	2
Net remeasurement of loss allowance	22	-	-	22
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(22)	-	-	(22)
ECL allowance as at 30 Jun 2024	2	-	-	2

Group and Bank	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	265	-	-	265
Net remeasurement of loss allowance	2	-	-	2
New financial assets originated or purchased	-	-	-	-
Financial assets that have matured	(265)	-	-	(265)
ECL allowance as at 31 December 2023	2	-	-	2

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A20 Commitments and Contingencies (Cont'd.)

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

Letters of credit and Performance Guarantee

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification.

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	83,897	-	-	83,897
Past due but not impaired	-	-	-	-
Total	83,897	-	-	83,897

<u>Group and Bank</u>	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	93,294	-	-	93,294
Past due but not impaired	-	-	-	-
Total	138,585	-	-	93,294

An analysis of changes in the ECLs are, as follows:

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	241	-	-	241
Net remeasurement of loss allowance	(108)	-	-	(108)
Financial assets that have matured	(22)	-	-	(22)
ECL allowance as at 30 Jun 2024	111	-	-	111

<u>Group and Bank</u>	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	531	-	-	531
Net remeasurement of loss allowance	(290)	-	-	(290)
ECL allowance as at 31 December 2023	241	-	-	241

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A20 Commitments and Contingencies (Cont'd.)

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

Other undrawn commitments

The table below shows the credit quality based on the Bank's internal credit rating system and stage classification.

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	221,816	-	-	221,816
Past due but not impaired	-	378	-	378
Individually impaired	-	-	-	-
Total	221,816	378	-	222,194

<u>Group and Bank</u>	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Internal rating grade :				
Neither past due not impaired	112,936	-	-	112,936
Past due but not impaired	-	1,722	-	1,722
Individually impaired	-	-	-	-
Total	112,936	1,722	-	114,658

An analysis of changes in the ECLs in relation to other undrawn commitments is, as follows:

<u>Group and Bank</u>	30-Jun-24			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2024	31	-	-	31
Net remeasurement of loss allowance	696	-	-	696
New financial assets originated or purchased	96	-	-	96
Financial assets that have matured	(1)	-	-	(1)
ECL allowance as at 30 Jun 2024	822	-	-	822

<u>Group and Bank</u>	31-Dec-23			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance as at 1 January 2023	95	-	-	95
Net remeasurement of loss allowance	(35)	-	-	(35)
New financial assets originated or purchased	1	-	-	1
Financial assets that have matured	(30)	-	-	(30)
ECL allowance as at 31 December 2023	31	-	-	31

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A21 Credit transactions and exposures with connected parties

As at 30 Jun 2024			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
Bank			
Financing, credit facility and leasing (except guarantee)	1	99,701	-
Off-balance sheet exposures	1	600	-
	2	100,301	-
Total exposure to connected parties as % capital base		5.7%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.8%	0.0%

As at 31 Dec 2023			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
Bank			
Financing, credit facility and leasing (except guarantee)	1	105,971	-
Off-balance sheet exposures	1	600	-
	2	106,571	-
Total exposure to connected parties as % capital base		6.5%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		1.5%	0.0%

* Included total outstanding and unutilised limit

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A22 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instrument measured at fair value

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 market data, 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
Bank			
30 Jun 2024			
Financial assets			
Debt instruments measured at FVOCI	2,008,766	-	2,008,766
Hedging financial instruments	1,529	-	1,529
Total	2,010,295	-	2,010,295
Financial liability			
Hedging financial instruments	1,340	-	1,340
	1,340	-	1,340
Bank			
31 Dec 2023			
Financial assets			
Debt instruments measured at FVOCI	3,828,608	-	3,828,608
Hedging financial instruments	6,835	-	6,835
Total	3,835,443	-	3,835,443
Financial liability			
Hedging financial instruments	691	-	691
	691	-	691

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A22 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Financial instrument not measured at fair value

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 on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise all the Group and of the Bank assets and liabilities with the exception of investments in subsidiaries, interest in associates and joint ventures, property, plant and equipment and provision for current and deferred taxation.

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.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position:

	Level 2	Level 3	Total Fair Value	Carrying Value
	RM'000	RM'000	RM'000	RM'000
Group				
30 Jun 2024				
Financial Assets				
Financing, advances and other receivables	-	3,050,210	3,050,210	3,050,685
Financial Liabilities				
Deposits from customers	2,627,182	-	2,627,182	2,648,990
Group				
31 Dec 2023				
Financial Assets				
Financing, advances and other receivables	-	3,305,396	3,305,396	3,306,309
Financial Liabilities				
Deposits from customers	3,346,453	-	3,346,453	3,373,577
Bank				
30 Jun 2024				
Financial Assets				
Financing, advances and other receivables	-	3,050,210	3,050,210	3,050,685
Financial Liabilities				
Deposits from customers	2,627,233	-	2,627,233	2,649,044
Bank				
31 Dec 2023				
Financial Assets				
Financing, advances and other receivables	-	3,453,281	3,453,281	3,306,309
Financial Liabilities				
Deposits from customers	3,497,390	-	3,497,390	3,373,581

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A22 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) Hedging financial instruments

Derivatives products valued using a valuation technique with market observable inputs are mainly ijarah rental swaps and promissory foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and profit rate curves.

(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 customers 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.

Description of significant unobservable inputs to valuation:

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

(e) Deposits from customers, deposits and placement of banks and other financial institutions

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

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A23 Capital Adequacy

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

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

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

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

	Group		Bank	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
CET I / Tier I Capital Ratio	51.677%	47.454%	51.677%	47.454%
Total Capital Ratio	52.775%	48.560%	52.775%	48.560%

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

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
CET I / Tier I capital				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	260,486	260,486	260,486	260,486
Other reserves	56,654	83,058	56,657	83,061
CET 1 capital before regulatory adjustment	1,742,412	1,768,816	1,742,415	1,768,819
Less :Regulatory adjustment on CET1 Capital	(20,872)	(37,718)	(20,872)	(37,718)
Deferred tax assets (net)	-	-	-	-
Other regulatory adjustment	(20,872)	(37,718)	(20,872)	(37,718)
Total CET I / Tier I capital	1,721,540	1,731,098	1,721,543	1,731,101
Tier II capital				
Collective impairment on financing *	36,590	40,340	36,590	40,340
Total Tier II capital	36,590	40,340	36,590	40,340
Capital Base	1,758,130	1,771,438	1,758,133	1,771,441

* Refer to loss allowances measured at an amount to 12-month and life time expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk subject to a maximum of 1.25% of total Risk-Weighted Assets.

(c) The Risk-Weighted Assets of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2024 RM'000	31 Dec 2023 RM'000	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	2,927,179	3,227,208	2,927,179	3,227,208
Total Market RWA	24,164	13,922	24,164	13,922
Total Operational RWA	380,022	406,833	380,022	406,835
Total Risk-Weighted Assets	3,331,365	3,647,963	3,331,365	3,647,965

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A23 Capital Adequacy (Cont'd)

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

Group	Gross Exposures		Net Exposures **		Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
	RM'000		RM'000		RM'000	RM'000	RM'000
As at 30 Jun 2024							
(i) Credit Risk							
(a) On-Balance Sheet Exposures							
Sovereigns/Central Banks	645,172	645,172	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	444,111	444,111	128,583	128,583	128,583	10,287	
Corporates	2,125,755	2,061,017	661,513	661,513	661,513	52,921	
Regulatory Retail	1,420,535	1,420,445	1,289,215	1,289,215	1,289,215	103,137	
Residential Mortgages	1,077,449	1,077,449	510,870	510,870	510,870	40,870	
Other Assets	254,481	254,481	109,240	109,240	109,240	8,739	
Defaulted Exposures ²	128,481	125,637	143,409	143,409	143,409	11,473	
	6,095,984	6,028,312	2,842,830	2,842,830	2,842,830	227,427	
(b) Off-Balance Sheet Exposures*							
OTC Hedging Financial Instruments ³	7,239	7,239	1,448	1,448	1,448	116	
Off balance sheet exposures other than OTC hedging financial instruments	99,058	86,103	82,901	82,901	82,901	6,632	
	106,297	93,342	84,349	84,349	84,349	6,748	
Total On and Off-Balance Sheet Exposures	6,202,281	6,121,654	2,927,179	2,927,179	2,927,179	234,175	
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-	
	Long Position	Short Position					
(iii) Market Risk							
Foreign Currency Risk ⁴	24,164	6,336	17,828	24,164	24,164	1,933	
			17,828	24,164	24,164	1,933	
(iv) Operational Risk				380,022	380,022	30,402	
(v) Total RWA and Capital Requirements				3,331,365	3,331,365	266,510	

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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

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

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

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

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A23 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 2023	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	750,279	750,279	-	-	-
Banks, Development Financial Institutions & MDBs	137,430	137,430	66,503	66,503	5,320
Corporates	4,043,992	3,961,698	953,425	953,425	76,274
Regulatory Retail	1,500,786	1,500,624	1,359,980	1,359,980	108,798
Residential Mortgages	1,090,029	1,090,029	521,885	521,885	41,751
Other Assets	241,631	241,631	112,403	112,403	8,992
Defaulted Exposures ²	129,543	126,918	145,333	145,333	11,627
	7,893,690	7,808,610	3,159,528	3,159,528	252,762
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	17,722	17,722	4,374	4,374	350
Off balance sheet exposures other than OTC hedging financial instruments	79,843	66,923	63,306	63,306	5,064
	97,565	84,645	67,680	67,680	5,414
Total On and Off-Balance Sheet Exposures	7,991,256	7,893,255	3,227,208	3,227,208	258,176
(ii) Large Exposures Risk Requirement					
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	13,922	5,152	8,770	13,922	1,114
			13,922	13,922	1,114
(iv) Operational Risk					
(v) Total RWA and Capital Requirements					
			406,833	406,833	32,547
			3,647,963	3,647,963	291,837

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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

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

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

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

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A23 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 2024	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	645,172	645,172	-	-	-
Banks, Development Financial Institutions & MDBs	444,111	444,111	128,583	128,583	10,287
Corporates	2,125,755	2,061,017	661,513	661,513	52,921
Regulatory Retail	1,420,535	1,420,445	1,289,215	1,289,215	103,137
Residential Mortgages	1,077,449	1,077,449	510,870	510,870	40,870
Other Assets	254,481	254,481	109,240	109,240	8,739
Defaulted Exposures ²	128,481	125,637	143,409	143,409	11,473
	6,095,984	6,028,312	2,842,830	2,842,830	227,427
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	7,239	7,239	1,448	1,448	116
Off balance sheet exposures other than OTC hedging financial instruments	99,058	86,103	82,901	82,901	6,632
	106,297	93,342	84,349	84,349	6,748
Total On and Off-Balance Sheet Exposures	6,202,281	6,121,654	2,927,179	2,927,179	234,175
(ii) Large Exposures Risk Requirement					
	-	-	-	-	-
(iii) Market Risk					
Foreign Currency Risk ⁴	24,164	6,336	17,828	24,164	1,933
			17,828	24,164	1,933
(iv) Operational Risk					
(v) Total RWA and Capital Requirements					
			380,022	380,022	30,402
			3,331,365	3,331,365	266,510

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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

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

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

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

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A23 Capital adequacy (Cont'd.)

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

Bank	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 31 Dec 2023	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	750,279	750,279	-	-	-
Banks, Development Financial Institutions & MDBs	137,430	137,430	66,503	66,503	5,320
Corporates	4,043,992	3,961,698	953,425	953,425	76,274
Regulatory Retail	1,500,786	1,500,624	1,359,980	1,359,980	108,798
Residential Mortgages	1,090,029	1,090,029	521,885	521,885	41,751
Other Assets	241,631	241,631	112,403	112,403	8,992
Defaulted Exposures ²	129,543	126,918	145,333	145,333	11,627
	7,893,690	7,808,610	3,159,528	3,159,528	252,762
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	17,722	17,722	4,374	4,374	350
Off balance sheet exposures other than OTC hedging financial instruments	79,843	66,923	63,306	63,306	5,064
	97,565	84,645	67,680	67,680	5,414
Total On and Off-Balance Sheet Exposures	7,991,256	7,893,255	3,227,208	3,227,208	258,176
(ii) Large Exposures Risk Requirement					
	-	-	-	-	-
	Long Position	Short Position			
(iii) Market Risk					
Foreign Currency Risk ⁴	13,922	5,152	8,770	13,922	1,114
			8,770	13,922	1,114
(iv) Operational Risk					
			406,835	406,835	32,547
(v) Total RWA and Capital Requirements					
			3,647,965	3,647,965	291,837

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation (Eligible financial collateral)

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

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

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

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

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A23 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 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights									
0%	645,172	-	1,123,958	-	-	-	145,239	1,914,369	-
20%	-	318,899	344,432	-	-	-	-	663,331	132,666
35%	-	-	-	-	646,308	-	-	646,308	226,208
50%	-	132,401	22,265	43	303,555	-	-	458,264	229,132
75%	-	-	-	537,729	-	-	-	537,729	403,297
100%	-	50	673,567	896,182	154,165	-	109,242	1,833,206	1,833,206
150%	-	-	33,818	1,859	-	32,770	-	68,447	102,670
	645,172	451,350	2,198,040	1,435,813	1,104,028	32,770	254,481	6,121,654	2,927,179
As at 31 Dec 2023									
Risk-Weights									
0%	750,279	-	2,146,772	-	-	-	129,228	3,026,279	-
20%	-	23,519	1,076,877	-	-	-	-	1,100,396	220,079
35%	-	-	-	-	644,208	-	-	644,208	225,473
50%	-	130,920	20,024	12	310,211	-	-	461,167	230,583
75%	-	-	-	577,049	-	-	-	577,049	432,786
100%	-	65	804,284	938,713	160,433	-	112,403	2,015,898	2,015,898
150%	-	-	33,743	1,746	-	32,770	-	68,259	102,389
	750,279	154,504	4,081,700	1,517,520	1,114,852	32,770	241,631	7,893,255	3,227,208

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A23 CAPITAL ADEQUACY (Cont'd.)

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

	Group		Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
As at 30 Jun 2024				
0%	1,914,369	-	1,914,369	-
20%	663,331	132,666	663,331	132,666
35%	646,308	226,208	646,308	226,208
50%	458,264	229,132	458,264	229,132
75%	537,729	403,297	537,729	403,297
100%	1,833,206	1,833,206	1,833,206	1,833,206
150%	68,447	102,670	68,447	102,670
Risk-weighted assets for credit risk	6,121,654	2,927,179	6,121,654	2,927,179
Risk-weighted assets for market risk		24,164		24,164
Risk-weighted assets for operational risk		380,022		380,022
Total risk-weighted assets		3,331,365		3,331,365
As at 31 Dec 2023				
0%	3,026,279	-	3,026,279	-
20%	1,100,396	220,079	1,100,396	220,079
35%	644,208	225,473	644,208	225,473
50%	461,167	230,583	461,167	230,583
75%	577,049	432,786	577,049	432,786
100%	2,015,898	2,015,898	2,015,898	2,015,898
150%	68,259	102,389	68,259	102,389
Risk-weighted assets for credit risk	7,893,255	3,227,208	7,893,255	3,227,208
Risk-weighted assets for market risk		13,922		13,922
Risk-weighted assets for operational risk		406,833		406,833
Total risk-weighted assets		3,647,963		3,647,963

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

	As at 30 Jun 2024		As at 31 Dec 2023	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Group and Bank				
Foreign Exchange Risk	24,164	1,933	13,922	1,114
Total	24,164	1,933	13,922	1,114

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A24 FINANCIAL RISK MANAGEMENT

(a) CREDIT RISK

(i) 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 2024	31 Dec 2023
	Total gross maximum exposure	
	RM'000	RM'000
Cash and short-term funds	470,760	180,692
Deposits and placements with banks and other financial institutions	2,182	2,471
Securities FVOCI	2,008,766	3,828,608
Financing, advances and other receivables	3,051,620	3,306,583
Other assets	84,946	81,315
Statutory deposits with Bank Negara Malaysia ("BNM")	78,147	104,497
Hedging financial instruments	1,529	6,835
Total On-Balance Sheet	5,697,950	7,511,001
Financial guarantees	891	893
Contingent liabilities	83,785	93,053
Commitments	221,372	114,627
Total Off-Balance Sheet	306,048	208,573
Total On and Off-Balance Sheet	6,003,998	7,719,574

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By geographical segment:

	Geographic region				Total gross maximum exposure RM'000
	Malaysia	Middle east	Others	Stage 1 & 2 Impairment	
	RM'000	RM'000	RM'000	RM'000	
30 Jun 2024					
Group and Bank					
Cash and short-term funds	333,059	5,868	134,665	(2,832)	470,760
Deposits and placements with banks and other financial institutions	2,195	-	-	(13)	2,182
Securities FVOCI	2,008,766	-	-	-	2,008,766
Financing, advances and other receivables	3,264,076	1,097	931	(214,484)	3,051,620
Other assets	84,946	-	-	-	84,946
Statutory deposits with BNM	78,147	-	-	-	78,147
Hedging financial instruments	1,529	-	-	-	1,529
Total On-Balance Sheet	5,772,717	6,966	135,596	(217,329)	5,697,950
Financial guarantees	893	-	-	(2)	891
Contingent liabilities	83,897	-	-	(111)	83,786
Commitments	222,178	-	16	(822)	221,372
Total Off-Balance Sheet	306,968	-	16	(935)	306,049
Total On and Off-Balance Sheet	6,079,685	6,966	135,612	(218,264)	6,003,999

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) 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 RM'000	Middle east RM'000	Others RM'000	Stage 1 & 2 Impairment RM'000	
31 Dec 2023					
Group and Bank					
Cash and short-term funds	44,849	2,982	134,464	(1,603)	180,692
Deposits and placements with banks and other financial institutions	2,493	-	-	(22)	2,471
Securities FVOCI	3,828,608	-	-	-	3,828,608
Financing, advances and other receivables	3,520,805	1,160	1,009	(216,391)	3,306,583
Other assets	81,315	-	-	-	81,315
Statutory deposits with BNM	104,497	-	-	-	104,497
Hedging financial instruments	6,835	-	-	-	6,835
Total On-Balance Sheet	7,589,402	4,142	135,473	(218,016)	7,511,001
Financial guarantees	895	-	-	(2)	893
Contingent liabilities	93,294	-	-	(241)	93,053
Commitments	114,642	-	16	(31)	114,627
Total Off-Balance Sheet	208,831	-	16	(274)	208,573
Total On and Off-Balance Sheet	7,798,233	4,142	135,489	(218,290)	7,719,574

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) 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
30 Jun 2024							
Group and Bank							
Cash and short-term funds	-	473,592	-	-	-	(2,832)	470,760
Deposits and placements with banks and other financial institutions	-	2,195	-	-	-	(13)	2,182
Securities FVOCI	-	485,369	452,094	237,686	540,375	293,242	2,008,766
Financing, advances and other receivables	217,124	9,478	417,186	51,454	-	2,570,862	3,051,620
Other assets	-	-	-	-	-	84,946	84,946
Statutory deposits with BNM	-	78,147	-	-	-	-	78,147
Hedging financial instruments	-	1,529	-	-	-	-	1,529
Total On-Balance Sheet	217,124	1,050,310	869,280	289,140	540,375	2,949,050	(217,329)
Financial guarantees	293	-	600	-	-	-	(2)
Contingent liabilities	-	-	8,708	2,720	-	72,469	(111)
Commitments	115,101	-	69,146	360	-	37,587	(822)
Total Off-Balance Sheet	115,394	-	78,454	3,080	-	110,056	(935)
Total On and Off-Balance Sheet	332,518	1,050,310	947,734	292,220	540,375	3,059,106	(218,264)

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure	
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others		Stage 1 & 2 Impairment
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31 Dec 2023								
Group and Bank								
Cash and short-term funds	-	182,295	-	-	-	-	(1,603)	180,692
Deposits and placements with banks and other financial institutions	-	2,493	-	-	-	-	(22)	2,471
Securities FVOCI	-	1,272,178	601,173	400,860	604,959	949,438	-	3,828,608
Financing, advances and other receivables	314,267	12,632	476,118	57,470	-	2,662,487	(216,391)	3,306,583
Other assets	-	-	-	-	-	81,315	-	81,315
Statutory deposits with BNM	-	104,497	-	-	-	-	-	104,497
Hedging financial instruments	-	6,835	-	-	-	-	-	6,835
Total On-Balance Sheet	314,267	1,580,930	1,077,291	458,330	604,959	3,693,240	(218,016)	7,511,001
Financial guarantees	295	-	600	-	-	-	(2)	893
Contingent liabilities	442	-	8,708	2,870	-	81,274	(241)	93,053
Commitments	50,866	-	34,015	210	-	29,567	(31)	114,627
Total Off-Balance Sheet	51,603	-	43,323	3,080	-	110,841	(274)	208,573
Total On and Off-Balance Sheet	365,870	1,580,930	1,120,614	461,410	604,959	3,804,081	(218,290)	7,719,574

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

By residual maturity:

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2024							
Group and Bank							
Cash and short-term funds	473,592	-	-	-	-	(2,832)	470,760
Deposits and placements with banks and other financial institutions	2,195	-	-	-	-	(13)	2,182
Securities FVOCI	171,857	158,507	437,094	1,241,308	-	-	2,008,766
Financing, advances and other receivables	661,667	9,100	363,268	2,232,069	-	(214,484)	3,051,620
Other assets	-	-	-	-	84,946	-	84,946
Statutory deposits with BNM	-	-	-	-	78,147	-	78,147
Hedging financial instruments	1,529	-	-	-	-	-	1,529
Total On-Balance Sheet	1,310,840	167,607	800,362	3,473,377	163,093	(217,329)	5,697,950
Financial guarantees	-	890	3	-	-	(2)	891
Contingent liabilities	72,509	-	11,388	-	-	(111)	83,786
Commitments	194,117	367	2,382	25,328	-	(822)	221,372
Total Off-Balance Sheet	266,626	1,257	13,773	25,328	-	(935)	306,049
Total On and Off-Balance Sheet	1,577,466	168,864	814,135	3,498,705	163,093	(218,264)	6,003,999

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Stage 1 & 2 Impairment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2023							
Group and Bank							
Cash and short-term funds	182,295	-	-	-	-	(1,603)	180,692
Deposits and placements with banks and other financial institutions	2,493	-	-	-	-	(22)	2,471
Securities FVOCI	212,651	192,312	891,055	2,532,590	-	-	3,828,608
Financing, advances and other receivables	831,032	27,875	358,020	2,306,048	-	(216,391)	3,306,583
Other assets	-	-	-	-	81,315	-	81,315
Statutory deposits with BNM	-	-	-	-	104,497	-	104,497
Hedging financial instruments	-	-	6,835	-	-	-	6,835
Total On-Balance Sheet	1,228,470	220,187	1,255,910	4,838,638	185,812	(218,016)	7,511,001
Financial guarantees	3	-	893	-	-	(2)	893
Contingent liabilities	592	81,314	11,388	-	-	(241)	93,053
Commitments	63,092	20,500	2,397	28,668	-	(31)	114,627
Total Off-Balance Sheet	63,687	101,814	14,678	28,668	-	(274)	208,573
Total On and Off-Balance Sheet	1,292,157	322,001	1,270,588	4,867,307	185,812	(218,290)	7,719,574

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) 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.

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 June 2024 was RM3,998,472 (Dec 2023 : RM50,510,857). 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.

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit quality analysis

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

Group and Bank	30-Jun-24			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Cash & short term funds (Less 1 month)				473,592
High Grade	231,133	-	-	231,133
Standard Grade	242,459	-	-	242,459
Past due or impaired	-	-	-	-
Loss allowance	(2,832)	-	-	(2,832)
Carrying amount	470,760	-	-	470,760
Deposit and placement with banks (More 1 month)				2,195
High Grade	2,195	-	-	2,195
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(13)	-	-	(13)
Carrying amount	2,182	-	-	2,182
Group and Bank	31-Dec-23			
	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Cash & short term funds (Less 1 month)				182,295
High Grade	182,295	-	-	182,295
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(1,603)	-	-	(1,603)
Carrying amount	180,692	-	-	180,692
Deposit and placement with banks (More 1 month)				2,493
High Grade	2,493	-	-	2,493
Standard Grade	-	-	-	-
Past due or impaired	-	-	-	-
Loss allowance	(22)	-	-	(22)
Carrying amount	2,471	-	-	2,471

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group and Bank	30-Jun-24			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				2,008,766
High Grade	2,008,766	-	-	2,008,766
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(5,629)	-	-	(5,629)
Carrying amount	2,008,766	-	-	2,008,766

Group and Bank	31-Dec-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Investment sukuks - FVOCI				3,828,608
High Grade	3,828,608	-	-	3,828,608
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(5,629)	-	-	(5,629)
Carrying amount	3,828,608	-	-	3,828,608

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	30-Jun-24			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Financing (Gross)				3,362,145
High Grade	43,006	-	-	43,006
Standard Grade	527,523	-	-	527,523
Unrated	2,395,720	135,669	51,948	2,583,337
Impaired	-	39,079	169,200	208,279
Loss allowance	(143,630)	(70,853)	(96,042)	(310,525)
Carrying amount	2,822,619	103,895	125,106	3,051,620

Group & Bank	31-Dec-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Financing (Gross)				3,620,995
High Grade	163,470	-	-	163,470
Standard Grade	547,321	45,380	-	592,702
Unrated	2,480,792	158,554	50,400	2,689,745
Impaired	-	-	175,078	175,078
Loss allowance	(147,063)	(69,328)	(98,021)	(314,412)
Carrying amount	3,044,520	134,606	127,457	3,306,583

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	30-Jun-24			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments				222,194
High Grade	97,136	-	-	97,136
Standard Grade	123,877	-	-	123,877
Unrated	-	1,181	-	1,181
Impaired	-	-	-	-
Loss allowance	(822)	-	-	(822)
Carrying amount	220,191	1,181	-	221,372
Trade Facilities (Financial Guarantee & Letter of Credit)				84,790
High Grade	84,790	-	-	84,790
Standard Grade	-	-	-	-
Impaired	-	-	-	-
Loss allowance	(113)	-	-	(113)
Carrying amount	84,676	-	-	84,676

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Group & Bank	31-Dec-23			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RM'000	RM'000	RM'000	RM'000
Undrawn Commitments				114,658
High Grade	18,308	-	-	18,308
Standard Grade	65,060	-	-	65,060
Unrated	29,568	1,722	-	31,290
Impaired	-	-	-	1,973
Loss allowance	(31)	-	-	(31)
Carrying amount	112,905	1,722	-	114,627
Trade Facilities (Financial Guarantee & Letter of Credit)				94,189
High Grade	93,747	-	-	93,747
Standard Grade	442	-	-	442
Impaired	-	-	-	-
Loss allowance	(243)	-	-	(243)
Carrying amount	93,946	-	-	93,946

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Credit quality per class of financial assets

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

	Neither past due nor impaired rated	Neither past due nor impaired unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2024						
Group and Bank						
Cash and short-term funds	473,592	-	-	-	-	473,592
Deposits and placements with banks and other financial institutions	2,195	-	-	-	-	2,195
Securities FVOCI	2,008,766	-	-	-	-	2,008,766
Financing, advances and other receivables	607,107	2,200,072	257,684	76,134	221,148	3,362,145
Other assets	84,946	-	-	-	-	84,946
Statutory deposits with BNM	78,147	-	-	-	-	78,147
Hedging financial instruments	1,529	-	-	-	-	1,529
Total On-Balance Sheet	3,256,282	2,200,072	257,684	76,134	221,148	6,011,320
Financial guarantees	893					893
Contingent liabilities	83,897					83,897
Commitments	222,194					222,194
Total Off-Balance Sheet	306,984	-	-	-	-	306,984
Total On and Off-Balance Sheet	3,563,266	2,200,072	257,684	76,134	221,148	6,318,304

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

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

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

	Neither past due nor impaired rated	Neither past due nor impaired unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2023						
Group and Bank						
Cash and short-term funds	182,295	-	-	-	-	182,295
Deposits and placements with banks and other financial institutions	2,493	-	-	-	-	2,493
Securities FVOCI	3,828,608	-	-	-	-	3,828,608
Financing, advances and other receivables	766,321	2,310,832	253,717	64,647	225,478	3,620,995
Other assets	-	81,315	-	-	-	81,315
Statutory deposits with BNM	104,497	-	-	-	-	104,497
Hedging financial instruments	6,835	-	-	-	-	6,835
Total On-Balance Sheet	4,891,049	2,392,147	253,717	64,647	225,478	7,827,038
Financial guarantees	895	-	-	-	-	895
Contingent liabilities	93,294	-	-	-	-	93,294
Commitments	112,936	-	1,722	-	-	114,658
Total Off-Balance Sheet	207,125	-	1,722	-	-	208,847
Total On and Off-Balance Sheet	5,098,174	2,392,147	255,439	64,647	225,478	8,035,885

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

30 Jun 2024

Securities

Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
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	RM'000
Group and Bank Securities FVOCI	344,433	-	-	-	-	1,664,333	2,008,766

31 Dec 2023

Securities

Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C			
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	RM'000
Group and Bank Securities FVOCI	1,076,877	-	-	-	-	2,751,731	3,828,608

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

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

Impaired and past due financing by geographical regions

	Less than 30 days	31 to 60 days	61 to 90 days	Total
	RM'000	RM'000	RM'000	RM'000
30 Jun 2024				
Group and Bank				
Financing and advances to customers				
Retail & Consumer financing	199,084	39,006	19,594	257,684
	199,084	39,006	19,594	257,684
31 Dec 2023				
Group and Bank				
Financing and advances to customers				
Retail & Consumer financing	173,545	56,100	24,072	253,717
	173,545	56,100	24,072	253,717

(vi) 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.

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) 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	Percentage of exposure that is subject to collateral requirements		
<i>RM'000</i>	30-Jun-24	31-Dec-23	Principle type of collateral
Financing receivables	3,050,685	3,306,309	Real Estate, Securities, Cash & Sovereign Guarantees
Corporate	59.86%	67.36%	
Retail	45.08%	43.54%	

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-24	31-Dec-23
LTV ratio		
Less than 50%	7,125,402	7,444,722
51–70%	7,207,205	5,077,368
71–90%	14,710,053	14,654,880
91–100%	5,772,858	6,638,708
More than 100%	-	-
Total	34,815,518	33,815,678

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(vi) 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 72.9% as at 30 June 2024 (31 Dec 2023: 75.3%). 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.

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A24 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 (LCR) and Net Stable Funding Ratio (NSFR). While the LCR encourages the short-term resilience (30 days) of a banking institution's liquidity risk profile, the NSFR aims to reduce funding risk over a time horizon of up to one year. LCR aims to ensure that banking institutions hold sufficient high-quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon where a stable funding profile reduces the likelihood of a banking institution's liquidity position being severely eroded by material disruptions to its regular sources of funding.

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 and the Bank 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 2024 and 31 December 2023. The disclosure is made in accordance with the requirement of Financial Reporting for Islamic Banking Institutions.

	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
Group						
30 Jun 2024						
ASSETS						
Cash and short-term funds	308,973	-	-	-	161,787	470,760
Deposits and placements with banks and other financial institutions	2,182	-	-	-	-	2,182
Debt instruments at FVOCI	171,857	158,508	457,912	1,220,489	-	2,008,766
Financing, advances and receivables	578,878	9,960	567,689	1,894,158	-	3,050,685
Hedging Financial Instrument Assets	1,529	-	-	-	-	1,529
Other assets	-	-	-	-	327,601	327,601
Total Assets	1,063,419	168,468	1,025,601	3,114,647	489,388	5,861,523

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A24 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 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	1,839,457	289,977	299	-	519,257	2,648,990
Deposits and placements of banks and other financial institutions	1,076,370	229,889	-	-	-	1,306,259
Investment accounts of customers	-	-	-	-	2,195	2,195
Hedging Financial Instrument Assets	815	525	-	-	-	1,340
Lease liabilities	-	320	1,756	-	-	2,076
Other liabilities	-	-	-	-	119,383	119,383
Total Liabilities	2,916,642	520,711	2,055	-	640,835	4,080,243
Shareholder's equity	-	-	-	-	1,781,280	1,781,280
Total Liabilities and Shareholder's equity	2,916,642	520,711	2,055	-	2,422,115	5,861,523
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	266,626	1,257	13,755	25,346	-	306,984
Net maturity mismatch	(2,119,849)	(353,500)	1,009,791	3,089,301	(1,932,727)	(306,984)

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A24 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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	3,440	-	-	-	177,252	180,692
Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	2,471
Debt instruments at FVOCI	212,651	192,312	891,055	2,532,590	-	3,828,608
Financing, advances and receivables	608,746	10,675	512,424	2,174,463	-	3,306,309
Hedging Financial Instrument Assets	5,634	1,201	-	-	-	6,835
Other assets	-	-	-	-	339,593	339,593
Total Assets	832,942	204,188	1,403,479	4,707,053	516,845	7,664,508
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,485,689	328,117	10	-	559,761	3,373,577
Deposits and placements of banks and other financial institutions	2,342,841	86,304	-	-	-	2,429,145
Investment accounts of customers	-	-	-	-	2,493	2,493
Hedging Financial Instrument Assets	482	209	-	-	-	691
Lease liabilities	6,590	893	1,155	-	-	8,638
Other liabilities	-	-	-	-	81,148	81,148
Total Liabilities	4,835,602	415,523	1,165	-	643,402	5,895,692
Shareholder's equity	-	-	-	-	1,768,816	1,768,816
Total Liabilities and Shareholder's equity	4,835,602	415,523	1,165	-	2,412,218	7,664,508
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	83,687	81,919	14,573	28,668	-	208,847
Net maturity mismatch	(4,086,346)	(293,254)	1,387,742	4,678,385	(1,895,373)	(208,847)

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A24 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
30 Jun 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	308,973	-	-	-	161,787	470,760
Deposits and placements with banks and other financial institutions	2,182	-	-	-	-	2,182
Debt instruments at FVOCI	171,857	158,508	457,912	1,220,489	-	2,008,766
Financing, advances and receivables	466,024	4,242	497,554	2,082,865	-	3,050,685
Hedging Financial Instrument Assets	1,529	-	-	-	-	1,529
Other assets	-	-	-	-	327,601	327,601
Total Assets	950,565	162,750	955,466	3,303,354	489,388	5,861,523
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	1,839,456	289,977	299	-	519,312	2,649,044
Deposits and placements of banks and other financial institutions	1,076,370	229,889	-	-	-	1,306,259
Investment accounts of customers	-	-	-	-	2,195	2,195
Hedging Financial Instrument Assets	815	525	-	-	-	1,340
Lease liabilities	-	320	1,756	-	-	2,076
Other liabilities	-	-	-	-	119,326	119,326
Total Liabilities	2,916,641	520,711	2,055	-	640,833	4,080,240
Shareholder's equity	-	-	-	-	1,781,283	1,781,283
Total Liabilities and Shareholder's equity	2,916,641	520,711	2,055	-	2,422,116	5,861,523
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	266,626	1,257	13,755	25,346	-	306,984
Net maturity mismatch	(2,232,702)	(359,218)	939,656	3,278,008	(1,932,728)	(306,984)

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A24 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 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	3,440	-	-	-	177,252	180,692
Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	2,471
Debt instruments at FVOCI	212,651	192,312	891,055	2,532,590	-	3,828,608
Financing, advances and receivables	608,746	10,675	512,424	2,174,463	-	3,306,309
Hedging Financial Instrument Assets	5,634	1,201	-	-	-	6,835
Other assets	-	-	-	-	339,593	339,593
Total Assets	832,942	204,188	1,403,479	4,707,053	516,845	7,664,508
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,485,689	328,117	10	-	559,765	3,373,581
Deposits and placements of banks and other financial institutions	2,342,841	86,304	-	-	-	2,429,145
Investment accounts of customers	-	-	-	-	2,493	2,493
Hedging Financial Instrument Assets	482	209	-	-	-	691
Lease liabilities	6,590	893	1,155	-	-	8,638
Other liabilities	-	-	-	-	81,141	81,141
Total Liabilities	4,835,602	415,523	1,165	-	643,399	5,895,689
Shareholder's equity	-	-	-	-	1,768,819	1,768,819
Total Liabilities and Shareholder's equity	4,835,602	415,523	1,165	-	2,412,218	7,664,508
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	83,687	81,919	14,573	28,668	-	208,847
Net maturity mismatch	(4,086,346)	(293,254)	1,387,742	4,678,385	(1,895,373)	(208,847)

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A24 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 RM'000	> 6 -12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity RM'000	Total RM'000
30 Jun 2024						
Group						
Deposits from customers	1,867,082	296,534	327	-	519,257	2,683,200
Deposit and placements of banks and other financial institutions	1,096,733	236,444	-	-	-	1,333,177
Investment account of customers	-	-	-	-	2,195	2,195
Lease liabilities	-	1,604	511	-	-	2,115
Other liabilities	-	-	-	-	119,383	119,383
Total	2,963,815	534,582	838	-	640,835	4,140,070
Bank						
Deposits from customers	1,867,082	296,534	327	-	519,312	2,683,255
Deposit and placements of banks and other financial institutions	1,096,733	236,444	-	-	-	1,333,177
Investment account of customers	-	-	-	-	2,195	2,195
Lease liabilities	-	1,604	511	-	-	2,115
Other liabilities	-	-	-	-	119,326	119,326
Total	2,963,815	534,582	838	-	640,833	4,140,068

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

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

31 Dec 2023 Group	Up to 6 months RM'000	> 6 -12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity RM'000	Total RM'000
Deposits from customers	2,526,088	336,149	11	-	559,765	3,422,013
Deposit and placements of banks and other financial institutions	2,387,167	88,417	-	-	-	2,475,583
Investment account of customers	-	-	-	-	2,493	2,493
Lease liabilities	6,664	912	1,203	-	-	8,779
Other liabilities	-	-	-	-	147,065	147,065
Total	4,919,919	425,477	1,214	-	709,323	6,055,933
Bank						
Deposits from customers	2,526,088	336,149	11	-	559,765	3,422,013
Deposit and placements of banks and other financial institutions	2,387,167	88,417	-	-	-	2,475,584
Investment account of customers	-	-	-	-	2,493	2,493
Lease liabilities	6,664	912	1,203	-	-	8,779
Other liabilities	-	-	-	-	123,830	123,830
Total	4,919,919	425,477	1,214	-	686,089	6,032,699

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A24 FINANCIAL RISK MANAGEMENT

(a) 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

i. Traded Market Risk

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

ii. Non-Traded Market Risk

Rate of Return in the Banking Book

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

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

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

		Non-trading book					Trading book	Total	Effective profit rate	
		Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
Group	30 Jun 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS										
	Cash and short-term funds	308,973	-	-	-	-	161,787	-	470,760	
	Deposits and placements with banks and other financial institutions	2,182	-	-	-	-	-	-	2,182	3.21
	Securities FVOCI	-	-	330,365	457,912	1,220,489	-	-	2,008,766	4.30
	Financing, advances and receivables	1,226,549	373,200	22,603	273,823	1,029,404	125,106	-	3,050,685	5.61
	Hedging Financial Instrument Assets	199	1,330	-	-	-	-	-	1,529	
	Other assets	-	-	-	-	-	327,601	-	327,601	
	TOTAL ASSETS	1,537,903	374,530	352,968	731,735	2,249,893	614,494	-	5,861,523	
LIABILITIES AND SHAREHOLDER'S EQUITY										
	Deposits from customers	780,541	809,021	665,267	254,891	-	139,269	-	2,648,990	3.03
	Deposits and placements of banks and other financial institutions	514,921	428,275	363,063	-	-	-	-	1,306,259	3.82
	Investment accounts of customers	2,195	-	-	-	-	-	-	2,195	
	Hedging financial instrument liabilities	-	172	1,168	-	-	-	-	1,340	
	Other liabilities	-	-	-	-	-	121,459	-	121,459	
	Total Liabilities	1,297,657	1,237,468	1,029,498	254,891	-	260,728	-	4,080,243	
	Shareholder's equity	-	-	-	-	-	1,781,280	-	1,781,280	
	Total Liabilities and Shareholder's equity	1,297,657	1,237,468	1,029,498	254,891	-	2,042,008	-	5,861,523	
	On-balance sheet profit sensitivity gap	240,245	(862,938)	(676,530)	476,844	2,249,893	(1,427,514)	-	-	
	Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
	Total profit sensitivity gap	240,245	(862,938)	(676,530)	476,844	2,249,893	(1,427,514)	-	-	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) MARKET RISK (Cont'd.)

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

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

		Non-trading book					Trading book	Total	Effective profit rate	
		Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				Non-profit sensitive
Group	31 Dec 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS										
	Cash and short-term funds	3,462	-	-	-	-	177,230	-	180,692	
	Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	-	-	2,471	3.03
	Securities FVOCI	-	212,651	192,312	891,055	2,532,590	-	-	3,828,608	4.38
	Financing, advances and receivables	1,371,472	368,105	33,619	307,453	1,098,203	127,457	-	3,306,309	5.55
	Hedging Financial Instrument Assets	-	4,151	2,684	-	-	-	-	6,835	
	Other assets	-	-	-	-	-	339,594	-	339,594	
	TOTAL ASSETS	1,377,405	584,907	228,615	1,198,508	3,630,792	644,281	-	7,664,508	
LIABILITIES AND SHAREHOLDER'S EQUITY										
	Deposits from customers	1,059,218	1,048,850	850,628	294,180	-	120,701	-	3,373,577	3.28
	Deposits and placements of banks and other financial institutions	1,070,490	1,007,607	351,049	-	-	-	-	2,429,145	3.82
	Investment accounts of customers	2,493	-	-	-	-	-	-	2,493	
	Hedging Financial Instrument Liabilities	-	481	210	-	-	-	-	691	
	Other liabilities	-	-	-	-	-	89,786	-	89,786	
	Total Liabilities	2,132,200	2,056,938	1,201,887	294,180	-	210,487	-	5,895,692	
	Shareholder's equity	-	-	-	-	-	1,768,816	-	1,768,816	
	Total Liabilities and Shareholder's equity	2,132,200	2,056,938	1,201,887	294,180	-	1,979,303	-	7,664,508	
	On-balance sheet profit sensitivity gap	(754,795)	(1,472,031)	(973,271)	904,327	3,630,792	(1,335,022)	-	-	
	Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
	Total profit sensitivity gap	(754,795)	(1,472,031)	(973,271)	904,327	3,630,792	(1,335,022)	-	-	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank								
30 Jun 2024								
ASSETS								
Cash and short-term funds	308,973	-	-	-	-	161,787	470,760	
Deposits and placements with banks and other financial institutions	2,182	-	-	-	-	-	2,182	3.21
Securities FVOCI	-	-	330,364	457,912	1,220,489	-	2,008,766	4.30
Financing, advances and receivables	1,212,541	373,200	22,603	287,831	1,029,404	125,106	3,050,685	5.61
Hedging Financial Instrument Assets	199	1,330	-	-	-	-	1,529	
Other assets	-	-	-	-	-	327,601	327,601	
TOTAL ASSETS	1,523,895	374,530	352,968	745,743	2,249,893	614,494	5,861,523	

	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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank								
30 Jun 2024								
LIABILITIES AND SHAREHOLDER'S EQUITY								
Deposits from customers	780,559	809,021	665,267	254,928	-	139,269	2,649,044	3.03
Deposits and placements of banks and other financial institutions	514,921	428,275	363,063	-	-	-	1,306,259	3.82
Investment accounts of customers	2,195	-	-	-	-	-	2,195	
Hedging Financial Instrument Liabilities	-	172	1,168	-	-	-	1,340	
Other liabilities	-	-	-	-	-	121,402	121,402	
Total Liabilities	1,297,675	1,237,468	1,029,498	254,928	-	260,671	4,080,240	
Shareholder's equity	-	-	-	-	-	1,781,283	1,781,283	
Total Liabilities and Shareholder's equity	1,297,675	1,237,468	1,029,498	254,928	-	2,041,954	5,861,523	
On-balance sheet profit sensitivity gap	226,220	(862,938)	(676,530)	490,815	2,249,893	(1,427,460)	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	
Total profit sensitivity gap	226,220	(862,938)	(676,530)	490,815	2,249,893	(1,427,460)	-	

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) 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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank								
31 Dec 2023								
ASSETS								
Cash and short-term funds	3,462	-	-	-	-	177,230	-	180,692
Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	-	-	2,471
Securities FVOCI	-	212,651	192,312	891,055	2,532,590	-	-	3,828,608
Financing, advances and receivables	1,371,472	368,105	33,619	307,453	1,098,203	127,457	-	3,306,309
Hedging Financial Instrument Assets	-	4,151	2,684	-	-	-	-	6,835
Other assets	-	-	-	-	-	339,593	-	339,593
TOTAL ASSETS	1,377,405	584,907	228,615	1,198,508	3,630,793	644,280	-	7,664,508

	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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Bank								
31 Dec 2023								
LIABILITIES AND SHAREHOLDER'S EQUITY								
Deposits from customers	1,059,219	1,048,850	850,628	294,183	-	120,701	-	3,373,581
Deposits and placements of banks and other financial institutions	1,070,489	1,007,607	351,049	-	-	-	-	2,429,145
Investment accounts of customers	2,493	-	-	-	-	-	-	2,493
Hedging Financial Instrument Liabilities	-	481	210	-	-	-	-	691
Other liabilities	-	-	-	-	-	89,778	-	89,778
Total Liabilities	2,132,201	2,056,938	1,201,887	294,183	-	210,479	-	5,895,689
Shareholder's equity	-	-	-	-	-	1,768,819	-	1,768,819
Total Liabilities and Shareholder's equity	2,132,201	2,056,938	1,201,887	294,183	-	1,979,299	-	7,664,508
On-balance sheet profit sensitivity gap	(754,796)	(1,472,031)	(973,272)	904,325	3,630,793	(1,335,019)	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(754,796)	(1,472,031)	(973,272)	904,325	3,630,793	(1,335,019)	-	-

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A24 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 2024

Group and Bank	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
MYR - Ringgit Malaysia	(6,226)	6,226	(168,709)	168,709
USD - United States Dollars	(537)	537	594	(594)
Other Currencies	(73)	73	68	(68)
Total	(6,836)	6,836	(168,047)	168,047

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A24 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 2023	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value of Equity	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
MYR - Ringgit Malaysia	(22,731)	22,731	(286,491)	286,491
USD - United States Dollars	(871)	871	339	(339)
Other Currencies	(64)	64	71	(71)
Total	(23,666)	23,666	(286,081)	286,081

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.

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A24 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 2024

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
331,756	1,015	121,242	7,461	5,097	4,189	470,760
2,182	-	-	-	-	-	2,182
2,008,766	-	-	-	-	-	2,008,766
3,050,685	-	-	-	-	-	3,050,685
188,924	-	-	-	-	140,206	329,130
5,582,313	1,015	121,242	7,461	5,097	144,395	5,861,523

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,293,373	187,175	24,246	1,442	3,460	139,294	2,648,990
Deposits and placements with banks and other financial institutions	1,059,580	35,950	84,444	126,285	-	-	1,306,259
Investment account of customers	2,195	-	-	-	-	-	2,195
Other liabilities	121,722	-	893	-	-	184	122,799
Total Liabilities	3,476,870	223,125	109,583	127,727	3,460	139,478	4,080,243
Shareholder's equity	1,781,280	-	-	-	-	-	1,781,280
Total Liabilities and Shareholder's equity	5,258,150	223,125	109,583	127,727	3,460	139,478	5,861,523
On-balance sheet open position	324,163	(222,110)	11,659	(120,266)	1,637	4,917	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	324,163	(222,110)	11,659	(120,266)	1,637	4,917	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Group	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	43,244	1,814	119,371	10,199	2,430	3,634	180,692
Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	-	2,471
Securities FVOCI	3,828,608	-	-	-	-	-	3,828,608
Financing, advances and receivables	3,306,309	-	-	-	-	-	3,306,309
Other assets	223,737	-	-	-	-	122,691	346,428
Total Assets	7,404,369	1,814	119,371	10,199	2,430	126,325	7,664,508
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,923,288	294,002	30,786	4,630	99	120,771	3,373,577
Deposits and placements with banks and other financial institutions	2,127,521	214,837	86,787	-	-	-	2,429,145
Investment account of customers	2,493	-	-	-	-	-	2,493
Other liabilities	89,144	-	409	-	-	924	90,477
Total Liabilities	5,142,447	508,840	117,982	4,630	99	121,694	5,895,692
Shareholder's equity	1,768,816	-	-	-	-	-	1,768,816
Total Liabilities and Shareholder's equity	6,911,263	508,840	117,982	4,630	99	121,694	7,664,508
On-balance sheet open position	493,107	(507,026)	1,389	5,569	2,330	4,631	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	493,107	(507,026)	1,389	5,569	2,330	4,631	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 30 Jun 2024	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
ASSETS							
Cash and short-term funds	331,756	1,015	121,242	7,461	5,097	4,189	470,760
Deposits and placements with banks and other financial institutions	2,182	-	-	-	-	-	2,182
Securities - FVOCI	2,008,766	-	-	-	-	-	2,008,766
Financing, advances and receivables	3,050,685	-	-	-	-	-	3,050,685
Other assets	188,924	-	-	-	-	140,206	329,130
Total Assets	5,582,313	1,015	121,242	7,461	5,097	144,395	5,861,523
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,293,427	187,175	24,246	1,442	3,460	139,294	2,649,044
Deposits and placements with banks and other financial institutions	1,059,580	35,950	84,444	126,285	-	-	1,306,259
Investment account of customers	2,195	-	-	-	-	-	2,195
Other liabilities	121,665	-	893	-	-	184	122,742
Total Liabilities	3,476,867	223,125	109,583	127,727	3,460	139,478	4,080,240
Shareholder's equity	1,781,283	-	-	-	-	-	1,781,283
Total Liabilities and Shareholder's equity	5,258,150	223,125	109,583	127,727	3,460	139,478	5,861,523
On-balance sheet open position	324,163	(222,110)	11,659	(120,266)	1,637	4,917	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	324,163	(222,110)	11,659	(120,266)	1,637	4,917	-

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

Bank 31 Dec 2023	MYR RM'000	SGD RM'000	USD RM'000	EUR RM'000	KWD RM'000	Others RM'000	Total RM'000
ASSETS							
Cash and short-term funds	43,244	1,814	119,371	10,199	2,430	3,635	180,692
Deposits and placements with banks and other financial institutions	2,471	-	-	-	-	-	2,471
Securities FVOCI	3,828,608	-	-	-	-	-	3,828,608
Financing, advances and receivables	3,306,309	-	-	-	-	-	3,306,309
Other assets	223,736	-	-	-	-	122,692	346,428
Total Assets	7,404,367	1,814	119,371	10,199	2,430	126,327	7,664,508
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	2,923,292	294,002	30,786	4,630	99	120,771	3,373,581
Deposits and placements with banks and other financial institutions	2,127,521	214,837	86,787	-	-	-	2,429,145
Investment account of customers	2,493	-	-	-	-	-	2,493
Other liabilities	89,137	-	409	-	-	924	90,470
Total Liabilities	5,142,443	508,840	117,982	4,630	99	121,695	5,895,688
Shareholder's equity	1,768,819	-	-	-	-	-	1,768,820
Total Liabilities and Shareholder's equity	6,911,262	508,840	117,982	4,630	99	121,695	7,664,508
On-balance sheet open position	493,106	(507,026)	1,389	5,569	2,330	4,632	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	493,106	(507,026)	1,389	5,569	2,331	4,632	-

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A24 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 2024. 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-24		31-Dec-23	
	Change in exchange rate %	Effect on Income Statements/ Equity RM'000	Change in exchange rate %	Effect on Income Statements/ Equity RM'000
Group and Bank				
Singapore Dollar (SGD)	1	(2,221)	1	(5,070)
US Dollar (USD)	1	117	1	14
Euro (EUR)	1	(1,203)	1	56
Kuwait Dinar (KWD)	1	16	1	23

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A24 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 2024

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		344,432	-	-	-	1,853,608

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

30 Jun 2024

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Sovereigns/Central Banks		-	645,172	-	-	-	-

Exposure class	Rating of Banking Institutions by approved ECAs						
	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
	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 Banks, MDBs and FDIs		113,899	224,161	3,995	-	-	109,295

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

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

31 Dec 2023

Exposure class	Rating of Corporates by approved ECAls					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc					
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000
Group and Bank Corporates		1,076,877	-	-	-	3,004,823

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		-	750,279	-	-	-	-

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
	Rating & Investment Inc						
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		23,518	119,244	5,648	-	-	6,092

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A24 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 2024

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 Exposures²

Total On Balance Sheet Exposures

(b) Off-Balance Sheet Exposures*

OTC Derivatives³
Off-balance sheet exposures other than OTC derivatives²

Total Off-Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
RM'000	RM'000	RM'000
645,172	540,375	-
444,111	-	-
2,125,755	1,123,958	64,738
1,420,535	-	90
1,077,449	-	-
254,481	-	-
128,481	-	2,844
6,095,984	1,664,333	67,672
7,239	-	-
99,058	-	12,955
106,297	-	12,955
6,202,281	1,664,333	80,627

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A24 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 2023

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 Exposures²

Total On Balance Sheet Exposures

(b) Off-Balance Sheet Exposures*

OTC Derivatives³
Off-balance sheet exposures other than OTC derivatives²

Total Off-Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
RM'000	RM'000	RM'000
750,279	604,959	-
137,430	-	-
4,043,992	2,146,772	82,294
1,500,786	-	162
1,090,029	-	-
241,631	-	-
129,543	-	2,625
7,893,690	2,751,731	85,081
17,722	-	-
79,843	-	12,920
97,565	-	12,920
7,991,256	2,751,731	98,001

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A24 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 2024, are as follows:

Group and Bank 30 Jun 2024

Direct Credit Substitutes
Transaction related contingent Items
Short Term Self Liquidating trade related contingencies
Foreign exchange related contracts
 One year or less
 Over one year to five years
Other commitments, such as formal standby facilities
 and credit lines, with an original maturity of over one year
Other commitments, such as formal standby facilities
 and credit lines, with an original maturity of up to one year

Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
893		893	-
83,897		41,948	31,324
190,553	437	3,296	659
150,771	1,091	3,943	789
39,260		19,630	15,241
182,934		36,587	36,335
648,307	1,529	106,297	84,349

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A24 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 2023, are as follows:

Group and Bank
31 Dec 2023

Direct Credit Substitutes
Transaction related contingent Items
Short Term Self Liquidating trade related contingencies
Foreign exchange related contracts
 One year or less
 Over one year to five years
Other commitments, such as formal standby facilities
 and credit lines, with an original maturity of over one year
Other commitments, such as formal standby facilities
 and credit lines, with an original maturity of up to one year

Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
895		895	-
93,294		46,647	35,769
408,304	5,216	11,886	2,688
169,777	1,619	5,836	1,686
31,232		15,616	10,852
83,426		16,685	16,684
786,928	6,835	97,565	67,680

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A24 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Equities (Disclosure for banking book positions)

30 Jun 2024

Group and Bank

Equity

Privately Held

(a) **Subsidiaries**

KFH Nominees (Tempatan) Sdn. Bhd.

(b) **Investment**

Intrared Sdn Bhd

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	-	-	Capital Deduction
	-	-	Capital Deduction
	36,100	(36,100)	-
	36,100	(36,100)	-

31 Dec 2023

Group and Bank

Equity

Privately Held

(a) **Subsidiaries**

KFH Nominees (Tempatan) Sdn. Bhd.

(b) **Investment**

Intrared Sdn Bhd

Al Faiz Fund 1

	Amount	Impairment	Risk-Weighted Assets
	RM'000	RM'000	RM'000
	-	-	Capital Deduction
	-	-	Capital Deduction
	54,300	(54,300)	-
	36,100	(36,100)	-
	18,200	(18,200)	-

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Part B - Explanatory Notes Pursuant to Financial Reporting Standard ("MFRS 134")

Issued by Malaysian Accounting Standards Board

B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the six months ended 30 June 2024 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 2024.

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 2023.

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 2024 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 2023.

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
Lack of exchangeability (Amendment to MFRS 121)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1 January 2026
Presentation and Disclosure in Financial Statements	1 January 2027
Subsidiaries without Public Accountability: Disclosures	1 January 2027
International Tax Reform - Pillar Two Model Rules (Amendment to MFRS 112)	Deferred
Sale of Contribution of Assets between an Investors and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

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 Group and the Bank's accounting policies.

(i) Impairment losses on financing, advances and other receivables

The Group and the Bank review their individually significant financing, advances and other receivables at each reporting date to assess whether an impairment loss should be recorded in the income statements. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment losses. In estimating these cash flows, the Group and the Bank make judgements about the customer's financial situation and make estimates on the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

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B2 Significant Accounting Policies (Cont'd.)

B2.2 Significant Accounting Estimates and Judgements (Cont'd.)

(a) Significant Accounting Estimates (Cont'd.)

(i) Impairment losses on financing, advances and other receivables (cont'd.)

The Group's and the Bank's ECL calculations under MFRS 9 are outputs of complex ECL models with a number of underlying assumptions regarding the choices of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Criteria for assessing possible significant increase in credit risk and qualitative information to determine if allowances should be measured using lifetime ECL basis;
- (ii) The segmentation of financial assets when their ECL is assessed on a collective basis;
- (iii) Development of ECL models, including the various formulas and the choice of inputs; and
- (iv) Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

As the current ECL models may not generate levels of ECL with sufficient reliability yet in view of emerging risks from the current economic environment, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL as of the financial year end.

The overlays and post-model adjustments involved significant level of judgements and estimates which reflect management's views of uncertainties in the forward-looking assessment for ECL estimation. The drivers of the management judgemental adjustments and estimates continue to evolve with the economic environment.

(ii) Incremental Borrowing Rate

The Group and the Bank cannot readily determine the profit rate implicit in the lease, therefore, the Group and the Bank uses its incremental borrowingrate ("IBR") to measure lease liabilities. The IBR is the profit rate that the Group and the Bank would have to pay to finance over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-Use Asset in similar economic environment. The IBR therefore reflect what the Group and the Bank' would have to pay', which requires estimation when no observable rates are available or when the rates need to be adjusted to reflect the terms and conditions of the lease. The Group and the Bank estimates the IBR using observable input (such as market profit rate) when available and is required to make entity-specific estimates (such as the Group and the Bank's credit rating and underlying collateral).

(iii) 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.

(iv) Deferred tax and income taxes

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

(b) Significant Accounting Judgments

This note provides an overview of the areas that involve a higher degree of judgement or complexity that may have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these 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) Significant judgements on litigation

Impairment provision, if any, arising from legal proceedings require a high degree of judgement. When matters are at an early stage, accounting judgement can be difficult because of the high degree on uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether any impairment provision is required against the restricted cash. Professional advice is taken on the assessment of litigation to determine whether a present obligation exists.

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B2 Significant Accounting Policies (Cont'd.)

B2.2 Significant Accounting Estimates and Judgements (Cont'd.)

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

(ii) Determination of lease term of contracts with renewal and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank exercises judgement in determining whether it is reasonably certain that the lease contracts will be renewed or terminated.

(iii) 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.

(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.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is applied to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

B3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2023 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 2024.

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 2024.

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 2024.

B7 Debt and Equity Securities

There were no issuances of debt and equity securities during the six months ended 30 June 2024.

B8 Dividends Paid

There were no dividends paid during the six months ended 30 June 2024.

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

(i) Primary Segment - By Business Segment

<u>Group</u>	Treasury & Capital Markets	Corporate Banking	Retail Banking	Elimination	Total
30 Jun 2024	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	100,350	24,946	73,919	-	199,215
Revenue from other segments	66,033	1,397	38,613	(106,043)	-
Total Revenue	166,383	26,343	112,532	(106,043)	199,215
Segment results	44,922	17,339	33,504	-	95,765
Unallocated expenses					(48,559)
Profit from operations					47,206
Taxation					(8,338)
Net profit for the year					38,868
Other information					
Segment assets	2,482,732	630,096	2,719,824	(55)	5,832,597
Unallocated corporate assets					28,926
Total assets					5,861,523
Segment liabilities	7,194,192	532,791	8,951,052	(55)	16,677,980
Unallocated corporate liabilities					(12,597,737)
Total liabilities					4,080,243
Other segment items					
Purchase of property and equipment			3,605		3,605
Purchase of intangible assets			2,026		2,026
Depreciation of property and equipment			2,911		2,911
Amortisation of intangible assets			3,932		3,932
Other non-cash expense other than depreciation	-	9,868	(3,575)	-	6,293

(ii) By Geographical Locations

<u>Group</u>	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2024			
Malaysia	198,812	46,803	5,860,717
Outside Malaysia	403	403	806
	199,215	47,206	5,861,523

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

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

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

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	68,983	28,597	3,283	73,944		174,807
Revenue from other segments	55,857	213	947	30,852	(87,869)	-
Total Revenue	124,841	28,810	4,230	104,796	(87,869)	174,807
Segment results	17,948	11,151	4,103	34,328	-	67,530
Unallocated expenses						(38,129)
Profit from operations						29,401
Zakat						(909)
Taxation						(909)
Net profit for the year						28,492
Other information						
Segment assets	3,456,303	871,172	49,351	2,795,632	(4)	7,172,454
Unallocated corporate assets						128,410
Total assets						7,300,864
Segment liabilities	8,203,858	186,575	385,309	7,752,358	(4)	16,528,097
Unallocated corporate liabilities						(10,980,323)
Total liabilities						5,547,774
Other segment items						
Purchase of property and equipment				2,967		2,967
Purchase of intangible assets				642		642
Depreciation of property and equipment				1,218		1,218
Amortisation of intangible assets				3,028		3,028
Other non-cash expense other than depreciation	(0)	2,261	2,442	(4,697)	-	6

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 June 2023			
Malaysia	174,432	29,026	7,300,115
Outside Malaysia	375	375	749
	174,807	29,401	7,300,864

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B10 Valuation of Property and Equipment

There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2023.

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 2023.

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 2023 other than those as disclosed in note A20.

B14 Capital Commitments

	Group and Bank RM'000
<u>Capital expenditure</u>	
Authorised and contracted for:	
- renovation	-
- purchase of equipment	-
- purchase of IT hardware	3,125
- purchase of IT software	2,813
	<u>5,938</u>
Authorised and not contracted for:	
- purchase of IT hardware & software	<u>8,792</u>

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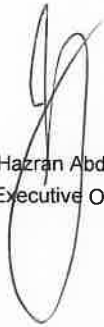
Certification of Financial Statements

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



Roslinawati Binti Zainal
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