

Deutsche Bank (Malaysia) Berhad
(Company No. 312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Interim Financial Statements
- 30 September 2008

Domiciled in Malaysia
Registered office
Level 18, Menara IMC
No. 8 Jalan Sultan Ismail
50250 Kuala Lumpur

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED BALANCE SHEET
AT 30 SEPTEMBER 2008

	Group		Bank	
	30 September 2008 RM'000	31 December 2007 RM'000	30 September 2008 RM'000	31 December 2007 RM'000
Assets				
Cash and short term funds	2,637,672	2,294,493	2,637,672	2,294,493
Securities purchased under resale agreements	9,201,320	5,589,379	9,201,320	5,589,379
Securities held-for-trading	225,270	2,523,351	225,270	2,523,351
Securities available-for-sale	2,920	3,621	2,920	3,621
Securities held-to-maturity	1,591	1,591	1,591	1,591
Loans, advances and financing	793,204	709,359	793,204	709,359
Other assets	3,032,189	1,015,541	3,032,189	1,015,541
Statutory deposit with Bank Negara Malaysia	225	3,059	225	3,059
Investments in subsidiary companies	-	-	20	20
Property, plant and equipment	6,150	6,182	6,150	6,182
Deferred tax assets	20,976	16,394	20,976	16,394
Total assets	<u>15,921,517</u>	<u>12,162,970</u>	<u>15,921,537</u>	<u>12,162,990</u>
Liabilities and shareholders' funds				
Deposits from customers	5,804,253	4,375,926	5,804,273	4,375,946
Deposits and placements of banks and other financial institutions	2,782,511	2,726,280	2,782,511	2,726,280
Obligations on securities sold under repurchase agreements	3,561,733	3,109,136	3,561,733	3,109,136
Other liabilities	2,782,399	1,003,621	2,782,399	1,003,621
Taxation	4,922	22,021	4,922	22,021
Total liabilities	<u>14,935,818</u>	<u>11,236,984</u>	<u>14,935,838</u>	<u>11,237,004</u>
Share capital	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
Reserves	<u>812,100</u>	<u>752,387</u>	<u>812,100</u>	<u>752,387</u>
Shareholders' funds	<u>985,699</u>	<u>925,986</u>	<u>985,699</u>	<u>925,986</u>
Total liabilities and shareholders' funds	<u>15,921,517</u>	<u>12,162,970</u>	<u>15,921,537</u>	<u>12,162,990</u>
Commitments and contingencies	<u>142,887,376</u>	<u>137,187,491</u>	<u>142,887,376</u>	<u>137,187,491</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2007.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest income	350,017	306,030	112,820	92,679
Interest expense	(234,359)	(220,824)	(74,591)	(78,188)
Net interest income	<u>115,658</u>	<u>85,206</u>	<u>38,229</u>	<u>14,491</u>
Non-interest income	34,834	118,168	(135,012)	44,173
Operating income/(expense)	<u>150,492</u>	<u>203,374</u>	<u>(96,783)</u>	<u>58,664</u>
Other operating expenses	(79,177)	(66,258)	(27,352)	(15,991)
Operating profit/(loss)	<u>71,315</u>	<u>137,116</u>	<u>(124,135)</u>	<u>42,673</u>
Loan loss and allowance written back	8,992	6,280	53	5,372
Reclassification (from)/to specific allowances (to)/from allowance for commitments and contingencies	-	(2,256)	-	2,223
Impairment losses from securities available-for-sale	(219)	(62)	(53)	(4)
Profit/(Loss) before taxation	<u>80,088</u>	<u>141,078</u>	<u>(124,135)</u>	<u>45,785</u>
Taxation	(20,125)	(37,597)	35,244	(9,488)
Profit/(Loss) after taxation	<u>59,963</u>	<u>103,481</u>	<u>(88,891)</u>	<u>36,297</u>
Earnings per share (sen)	<u>34.5 sen</u>	<u>59.6 sen</u>	<u>-</u>	<u>20.9 sen</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2007.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

Group and Bank	Share capital RM'000	<--Non-distributable-->		Distributable Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	Total RM'000
		Share premium RM'000	Other reserve RM'000				
At 1 January 2008	173,599	357,763	175,783	218,841	752,387	-	925,986
Net profit for the period	-	-	-	59,963	59,963	-	59,963
Unrealised net loss on revaluation of securities available-for-sale	-	-	(250)	-	(250)	-	(250)
At 30 September 2008	<u>173,599</u>	<u>357,763</u>	<u>175,533</u>	<u>278,804</u>	<u>812,100</u>	<u>-</u>	<u>985,699</u>
At 1 January 2007	173,599	357,763	175,075	78,136	610,974	59,200	843,773
Net profit for the period	-	-	-	103,481	103,481	-	103,481
Unrealised net loss on revaluation of securities available-for-sale	-	-	709	-	709	-	709
Dividend Payable	-	-	-	-	-	(59,200)	(59,200)
At 30 September 2007	<u>173,599</u>	<u>357,763</u>	<u>175,784</u>	<u>181,617</u>	<u>715,164</u>	<u>-</u>	<u>888,763</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2007.

DEUTSCHE BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	Group and Bank	
	30 September	30 September
	2008	2007
	RM'000	RM'000
Profit before taxation	80,088	141,078
Adjustments for non-operating and non-cash items	2,164	1,960
Operating profit before working capital changes	<u>82,252</u>	<u>143,038</u>
Changes in working capital:		
Net changes in operating assets	(3,411,520)	(3,363,058)
Net changes in operating liabilities	3,715,932	750,611
Income tax paid	(41,717)	(35,726)
Net cash generated from / (used in) operations	<u>344,947</u>	<u>(2,505,135)</u>
Net cash used in investing activities	(1,768)	(702)
Net cash used in financing activities	-	(59,200)
	<u>(1,768)</u>	<u>(59,902)</u>
Net change in cash and cash equivalents	343,179	(2,565,037)
Cash and cash equivalents at beginning of the period	2,294,493	4,211,540
Cash and cash equivalents at end of the period	<u>2,637,672</u>	<u>1,646,503</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>2,637,672</u>	<u>1,646,503</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2007.

DEUTSCHE BANK (MALAYSIA) BERHAD
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AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2008

1. Basis of preparation

The unaudited condensed interim financial statements for the third quarter ended 30 September 2008 should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2007.

The unaudited condensed interim financial statements have been prepared in accordance with generally accepted accounting principles in Malaysia and are consistent with those adopted in the previous audited annual financial statements.

2. Audit report

The audit report on the audited annual financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

The business operations of the Group and the Bank are not subject to material seasonal or cyclical fluctuations.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Bank for the third financial quarter ended 30 September 2008.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the third financial quarter ended 30 September 2008.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the third financial quarter ended 30 September 2008.

7. Dividend Paid

No dividend was paid during the third quarter ended 30 September 2008.

8. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the third financial quarter ended 30 September 2008.

10. Review of Performance

The Bank recorded profit before tax of RM80.1 million for the first nine months ended 30 September 2008, a decrease of RM61 million compared to RM141.1 million profit before tax recorded in the previous corresponding period. The decrease is mainly attributed to lower non-interest income of RM83.3 million arising from lower trading gain from foreign exchange and derivatives.

Other operating expenses increased by RM12.9 million mainly attributed to increases in inter-company expenses. Overall specific allowance for bad and doubtful debts showed net recoveries of RM9.0 million compared to RM6.3 million in the previous corresponding quarter.

The ratio of net non-performing loans to the total net loan, financing and advances has moved from 0.85% in the previous corresponding quarter to 1.11% as at 30 September 2008.

11. Prospects

The Bank's strategy during the year continued to focus on two main areas, Global Markets and Global Banking, with emphasis on trading and sales in foreign exchange, fixed income, interest rate derivatives, credit derivatives, structured transactions, money markets, repo, capital market instruments, cash management, securities services and trade finance.

We have seen greater competition from both the local and foreign houses in the banking industry in terms of price and service levels in 2008. Lending was guided by continued prudential practices, whilst fee-based and trading activities were expanded to cushion the impact of narrowing interest margins.

Our ongoing business process reengineering and business segments reorganization have further improved our operational efficiency.

12. Securities held-for-trading

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Treasury Bills	9,951	4,961
Malaysian Government Securities	197,850	226,585
Malaysian Investment Issue	2,500	17,490
Bank Negara Malaysia Bills	-	654,386
Cagamas bonds	6,388	6,388
Khazanah bonds	1,879	1,849
Negotiable instruments of deposit	-	1,598,400
Private debt securities	6,702	13,292
	<u>225,270</u>	<u>2,523,351</u>

13. Securities available-for-sale

	Group and Bank	
	30 September	31 December
	2008	2007
At fair value	RM'000	RM'000
Shares	420	1,121
Irredeemable convertible unsecured loan stocks quoted in Malaysia	2,500	2,500
	<u>2,920</u>	<u>3,621</u>

14. Securities held-to-maturity

	Group and Bank	
	30 September	31 December
	2008	2007
	RM'000	RM'000
Unquoted securities:		
Shares, at cost	1,591	1,591
	<u>1,591</u>	<u>1,591</u>

15. Loans, advances and financing

	Group and Bank	
	30 September	31 December
	2008	2007
	RM'000	RM'000
Overdrafts	24,645	15,141
Term loans - housing loans	37,327	39,957
- other term loans	387,203	508,764
Bills receivable	124,558	58,290
Claims on customers under acceptance credits	238,744	111,896
Staff loans	5,314	5,424
	<u>817,791</u>	<u>739,472</u>
Unearned interest	(552)	(451)
Gross loans and advances	<u>817,239</u>	<u>739,021</u>
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(89)	(5,716)
Net loans and advances	<u>793,204</u>	<u>709,359</u>

15. Loans, advances and financing (continued)

Gross loans, advances and financing analysed by type of customer are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Domestic banking institutions	8,892	6,844
Domestic business enterprises - SME	-	-
- others	650,059	630,757
Individuals	42,657	50,088
Foreign entities	115,631	51,332
	<u>817,239</u>	<u>739,021</u>

Gross loans, advances and financing analysed by interest / profit rate sensitivity are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Fixed rate		
- Other fixed rate loan / financing	5,314	5,424
Variable rate		
- Base lending rate plus	57,088	46,117
- Cost-plus	749,001	678,079
- Other variable rates	5,836	9,401
	<u>817,239</u>	<u>739,021</u>

Gross loans, advances and financing analysed by their economic purposes are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Manufacturing	381,360	298,678
Construction	129,476	48,011
Real estate	1,211	2,262
Purchase of landed property:		
- Residential	41,838	44,720
- Non-Residential	-	360
Wholesale & retail trade and restaurants & hotels	103,016	131,562
Finance, insurance and business services	124,482	154,691
Purchase of transport vehicles	155	210
Others	35,701	58,527
	<u>817,239</u>	<u>739,021</u>

16. Non-performing Loans / Financing (NPL/NPF)

Movements in non-performing loans are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Balance at 1 January	12,393	23,937
Classified as non-performing during the year	3,322	3,628
Reclassified as performing during the year	(2,534)	(2,980)
Amount recovered	(4,253)	(6,512)
Amounts written off	(57)	(5,680)
Closing balance	<u>8,871</u>	<u>12,393</u>
Specific allowance for doubtful debts	(89)	(5,716)
Net non-performing loans, advances and financing	<u><u>8,782</u></u>	<u><u>6,677</u></u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	<u>1.11%</u>	<u>0.91%</u>

Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
General allowance		
- Balance at 1 January / Closing balance	<u>23,946</u>	<u>23,946</u>
As a % of adjusted gross loans and advances less specific allowance	<u>2.93%</u>	<u>3.27%</u>

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Specific provision:		
Balance at 1 January	5,716	17,856
Reclassified to provision for commitment and contingencies	-	(2,256)
Allowance made during the year	17	52
Amount recovered	(5,587)	(4,256)
Amount written off	(57)	(5,680)
Closing balance	<u><u>89</u></u>	<u><u>5,716</u></u>

16. Non-performing Loans / Financing (NPL/NPF)
(continued)

Non-performing loans, advances and financing analysed by economic purposes are as follows:

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Manufacturing	2,757	5,519
Purchase of landed property - residential	6,050	6,742
Others	64	132
	<u>8,871</u>	<u>12,393</u>

17. Other assets

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Interest / Income receivable	68,455	36,489
Margin placed with exchange	10,307	12,111
Derivatives	2,652,789	927,984
Other debtors, deposits and prepayments	300,638	38,957
	<u>3,032,189</u>	<u>1,015,541</u>

18. Deposits from customers

	Group		Bank	
	30 September 2008 RM'000	31 December 2007 RM'000	30 September 2008 RM'000	31 December 2007 RM'000
Demand deposits	574,466	506,267	574,486	506,287
Savings deposits	12,545	12,633	12,545	12,633
Fixed deposits	301,754	327,065	301,754	327,065
Other deposits	4,460,988	3,112,761	4,460,988	3,112,761
Negotiable instrument of deposits	454,500	417,200	454,500	417,200
	<u>5,804,253</u>	<u>4,375,926</u>	<u>5,804,273</u>	<u>4,375,946</u>

18. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	RM'000	RM'000	RM'000	RM'000
Business enterprises	1,794,333	1,612,562	1,794,353	1,612,582
Individuals	57,806	65,913	57,806	65,913
Foreign customers	109,366	77,502	109,366	77,502
Others	3,842,748	2,619,949	3,842,748	2,619,949
	<u>5,804,253</u>	<u>4,375,926</u>	<u>5,804,273</u>	<u>4,375,946</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Licensed banks	30,000	6,000
Other financial institutions	2,752,511	2,720,280
	<u>2,782,511</u>	<u>2,726,280</u>

20. Other liabilities

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Allowance for commitments and contingencies	-	3,274
Interest payable	57,549	35,046
Bills payable	85,573	90,764
Derivatives	2,127,538	686,230
Employee benefits	15,852	33,198
Other liabilities	495,887	155,109
	<u>2,782,399</u>	<u>1,003,621</u>

20. Other liabilities (continued)

Movements in allowance for commitments and contingencies are as follows:-

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Balance at 1 January	3,274	1,018
Reclassification of provision from commitments and contingencies to specific allowance	(3,274)	2,256
Closing balance	<u>-</u>	<u>3,274</u>

21. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Loans and advances				
-Interest income other than recoveries from NPL	29,265	23,543	10,471	8,142
-Recoveries from NPL	778	322	206	69
Money at call and deposit placements with financial institutions	272,013	216,300	96,016	60,582
Securities held for trading	47,749	65,855	6,124	23,880
Others	212	10	3	6
	<u>350,017</u>	<u>306,030</u>	<u>112,820</u>	<u>92,679</u>

22. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Deposits and placements of banks and other financial institutions	145,776	103,960	40,209	40,331
Deposits from customers	88,418	115,271	34,342	37,365
Others	165	1,593	40	492
	<u>234,359</u>	<u>220,824</u>	<u>74,591</u>	<u>78,188</u>

23. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	3,481	4,187	1,183	1,519
Service charges and fees	6,931	6,114	1,944	1,989
Guarantee fees	1,822	1,178	722	556
Underwriting fees	-	900	-	-
Other fee income	682	260	682	152
	<u>12,916</u>	<u>12,639</u>	<u>4,531</u>	<u>4,216</u>
Gains/(losses) arising from sale of securities:-				
Securities held -for- trading	2,244	754	2,601	(1,489)
Net gain/(losses) arising from dealing in foreign exchange	(101,681)	56,737	(109,025)	18,056
Net gains/(losses) arising from trading in derivatives	(79,991)	52,439	(21,982)	4,786
Net unrealised gains /(losses) on revaluation of trading portfolio (including derivatives)	69,869	46,376	(74,370)	52,270
Unrealised gain /(losses) from foreign exchange	120,537	(65,458)	68,549	(38,400)
Gross dividends from securities held-to-maturity	311	36	22	-
Other operating income, net	10,629	14,645	(5,338)	4,734
	<u>21,918</u>	<u>105,529</u>	<u>(139,543)</u>	<u>39,957</u>
	<u>34,834</u>	<u>118,168</u>	<u>(135,012)</u>	<u>44,173</u>

24. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowance and bonuses	27,030	27,906	9,495	4,479
-Others	6,246	5,650	2,076	1,255
Establishment costs				
-Rental	1,725	1,721	575	575
-Depreciation	1,959	1,899	768	634
-Others	2,966	2,659	(1,083)	928
Marketing expenses	1,357	2,024	473	1,005
Administration and general expenses				
-Inter-company expenses	32,823	19,214	13,245	5,043
-Communication	927	836	327	303
-Others	4,144	4,349	1,476	1,769
	<u>79,177</u>	<u>66,258</u>	<u>27,352</u>	<u>15,991</u>

The number of employees of the Group and the Bank at the end of the period was 151 (Sept 2007 - 138).

25. Loan loss and allowance written back/(Allowance made)

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing				
Specific allowance				
-Reclassification to/(from) allowance for commitments and contingencies	3,274	2,256	-	2,256
-Provided for the financial year	(32)	(51)	(20)	(26)
-Written back	5,601	3,520	73	3,142
Bad debts on loans and financing				
-Recovered	149	555	-	-
	<u>8,992</u>	<u>6,280</u>	<u>53</u>	<u>5,372</u>

26. Contingent liabilities

Litigation is in process against the Bank arising from an action by two companies, seeking specific damages amounting to RM1 million and general damages for which the amount is not quantifiable at this stage.

The information usually required by FRS137, Provision, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The Bank intends to defend the action. Accordingly, no provision has been made in respect of this litigation.

27. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group and the Bank as at the following dates are as follows:

	Group and Bank					
	30 September 2008			31 December 2007		
	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
Direct credit substitutes	192	192	192	217	217	217
Transaction-related contingent items	918,742	459,371	215,337	668,366	334,183	146,405
Short-term self-liquidating trade-related contingencies	68,449	13,690	8,719	55,022	11,004	4,927
Irrecoverable commitments to extend credit:						
- Maturity not exceeding one year	881,556	176,311	141,527	744,008	148,802	147,293
- Maturity exceeding one year	129	65	24	549	275	206
Foreign exchange related contracts:						
- Less than one year	22,666,106	836,436	261,113	15,972,437	388,970	154,621
- One year to less than 5 years	3,662,395	428,982	157,831	2,496,245	282,267	167,720
- 5 years and above	1,554,179	213,954	93,326	3,508,079	516,784	230,401
Interest rate related contracts:						
- Less than one year	41,459,473	105,521	21,628	39,999,488	80,526	32,480
- One year to less than 5 years	59,283,844	1,531,820	361,758	63,008,502	1,333,335	463,756
- 5 years and above	10,058,929	973,423	370,431	9,008,899	874,460	435,330
Equity and commodity related contracts:						
- Less than one year	353,152	37,418	8,084	549,209	-	-
- One year to less than 5 years	1,825,325	236,468	93,670	1,051,773	-	-
- 5 years and above	154,905	23,236	11,618	124,697	-	-
	<u>142,887,376</u>	<u>5,036,887</u>	<u>1,745,258</u>	<u>137,187,491</u>	<u>3,970,823</u>	<u>1,783,356</u>

28. Capital adequacy

	Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Tier 1 capital		
Paid-up share capital	173,599	173,599
Share premium	357,763	357,763
Statutory reserve	174,722	174,722
Retained profits	218,841	218,841
Less: Deferred tax assets	(16,394)	(16,394)
Total Tier 1 capital	<u>908,531</u>	<u>908,531</u>
Tier 2 capital		
General allowance for bad and doubtful debts	23,946	23,946
Total Capital	<u>932,477</u>	<u>932,477</u>
Less: Investments in subsidiaries	(20)	(20)
Capital base	<u>932,457</u>	<u>932,457</u>
Total Risk Weighted Assets (RWA)		
Total Credit RWA	2,451,281	2,073,225
Total Operational RWA	361,301	-
Total Market RWA	5,414,679	3,420,379
	<u>8,227,261</u>	<u>5,493,604</u>
Core capital ratio	11.04%	16.54%
Risk-weighted capital ratio	<u>11.33%</u>	<u>16.97%</u>

Note:

	Bank	
	30 September 2008	31 December 2007
The calculation of RWA is based on the following requirements:	<u>Basel II</u>	<u>Basel I</u>

29. Interest rate risk

Group and Bank 30 September 2008	Non trading book						Non interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
Assets										
Cash and short term funds	2,513,574	-	-	-	-	124,098	-	2,637,672	3.42	
Securities purchased under resale agreement	-	-	-	-	-	-	9,201,320	9,201,320	3.45	
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	
Securities held for trading	-	-	-	-	-	-	225,270	225,270	3.92	
Securities available for sale	-	-	-	-	-	2,920	-	2,920	-	
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	286,732	157,997	306,586	16,649	40,404	-	-	808,368	4.56	
- Non-performing*	-	-	-	-	-	(15,164)	-	(15,164)	-	
Other non-interest sensitive balance	-	-	-	-	-	406,751	2,652,789	3,059,540	-	
Total assets	2,800,306	157,997	306,586	16,649	40,404	520,196	12,079,379	15,921,517		

29. Interest rate risk (continued)

Group and Bank 30 September 2008	Non trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000			
Liabilities and shareholders' funds									
Deposits from customers	1,748,265	70,032	648,502	2,612,969	150,000	574,485	-	5,804,253	3.37
Deposits and placements of banks and other financial institutions	489,515	890,750	32,147	-	-	1,370,099	-	2,782,511	3.18
Obligations on securities sold under repurchase agreements	527,001	1,704,599	1,330,133	-	-	-	-	3,561,733	3.32
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Other non-interest sensitive balance	-	-	-	-	-	659,783	2,127,538	2,787,321	-
Total liabilities	2,764,781	2,665,381	2,010,782	2,612,969	150,000	2,604,367	2,127,538	14,935,818	
Shareholders' funds	-	-	-	-	-	985,699	-	985,699	
Total liabilities and shareholders' funds	2,764,781	2,665,381	2,010,782	2,612,969	150,000	3,590,066	2,127,538	15,921,517	
On-balance sheet interest sensitivity gap	35,525	(2,507,384)	(1,704,196)	(2,596,320)	(109,596)	(3,069,870)	9,951,841	-	-
Off-balance sheet interest sensitivity gap	1,497,000	2,648,788	30,118,685	54,628,089	9,513,663	-	-	98,406,225	-
Total interest sensitivity gap	1,532,525	141,404	28,414,489	52,031,769	9,404,067	(3,069,870)	9,951,841	98,406,225	

* This is arrived at after deducting the specific allowance from outstanding gross non – performing loans.

29. Interest rate risk (continued)

Group and Bank	← Non-trading book →								Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 2 years	> 2 - 3 years	> 3 - 4 years	> 4 - 5 years	Over 5 years				
31 December 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets												
Cash and short term funds	2,200,753	-	-	-	-	-	-	-	93,740	-	2,294,493	4.63%
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-	5,589,379	5,589,379	3.48%
Securities held-for-trading	-	-	-	-	-	-	-	-	-	2,523,351	2,523,351	3.58%
Securities available-for-sale	-	-	-	-	-	-	-	-	3,621	-	3,621	-
Securities held-to-maturity	-	-	-	-	-	-	-	-	1,591	-	1,591	-
Loans, advances and financing												
- performing	409,988	197,519	55,121	1,798	17,233	1,080	884	43,005	-	-	726,628	4.81%
- non-performing*	-	-	-	-	-	-	-	-	(17,269)	-	(17,269)	-
Other non-interest sensitive balance	-	-	-	-	-	-	-	-	126,042	915,134	1,041,176	-
Total assets	2,610,741	197,519	55,121	1,798	17,233	1,080	884	43,005	207,725	9,027,864	12,162,970	

29. Interest rate risk (continued)

Group and Bank 2007	← Non-trading book →									Non-interest sensitive book	Trading book	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	RM'000				
Liabilities and shareholders' funds													
Deposits from customers	1,386,365	196,532	83,774	969,206	395,182	53,600	600,000	185,000	506,267	-	4,375,926	3.68	
Deposits and placement with banks and other financial institutions	1,407,776	-	-	-	6,000	-	-	-	1,312,504	-	2,726,280	4.29	
Obligations on securities sold under repurchase agreements	927,260	1,683,889	497,987	-	-	-	-	-	-	-	3,109,136	3.37	
Other non-interest sensitive balance	-	-	-	-	-	-	-	-	443,657	581,985	1,025,642	-	
Total liabilities	3,721,401	1,880,421	581,761	969,206	401,182	53,600	600,000	185,000	2,262,428	581,985	11,236,984		
Shareholders' equity	-	-	-	-	-	-	-	-	925,986	-	925,986		
Total liabilities and shareholders' equity	3,721,401	1,880,421	581,761	969,206	401,182	53,600	600,000	185,000	3,188,414	581,985	12,162,970		
On-balance sheet interest sensitivity gap	(1,110,660)	(1,682,902)	(526,640)	(967,408)	(383,949)	(52,520)	(599,116)	(141,995)	(2,980,689)	8,445,879	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	1,240,000	4,363,800	34,395,688	21,570,948	17,497,556	11,410,166	13,428,340	9,031,516	-	-	112,938,014		
Total interest sensitivity	129,340	2,680,898	33,869,048	20,603,540	17,113,607	11,357,646	12,829,224	8,889,521	(2,980,689)	8,455,879	112,938,014		

*This is arrived at after deducting the general allowance and specific allowance from the outstanding gross non-performing loans.