

Company No. 312552-W

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

**Unaudited Condensed Interim Financial Statements**  
**- 30 September 2009**

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 2009**

	Note	Group		Bank	
		30 September 2009 RM'000	31 December 2008 RM'000	30 September 2009 RM'000	31 December 2008 RM'000
<b>Assets</b>					
Cash and short term funds		3,757,858	305,889	3,757,858	305,889
Securities purchased under resale agreements		4,623,092	6,070,853	4,623,092	6,070,853
Securities held-for-trading	12	785,133	698,204	785,133	698,204
Securities available-for-sale	13	4,721	2,849	4,721	2,849
Securities held-to-maturity	14	1,591	1,591	1,591	1,591
Loans, advances and financing	15	688,305	977,502	688,305	977,502
Other assets	17	2,168,525	2,827,928	2,168,525	2,827,928
Statutory deposit with Bank Negara Malaysia		225	225	225	225
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		4,060	6,083	4,060	6,083
Deferred tax assets		14,984	20,856	14,984	20,856
<b>Total assets</b>		<u>12,048,494</u>	<u>10,911,980</u>	<u>12,048,514</u>	<u>10,912,000</u>
<b>Liabilities and shareholders' funds</b>					
Deposits from customers	18	6,217,721	5,942,278	6,217,741	5,942,298
Deposits and placements of banks and other financial institutions	19	1,838,980	1,062,054	1,838,980	1,062,054
Obligations on securities sold under repurchase agreements		556,208	-	556,208	-
Other liabilities	20	2,224,846	2,808,901	2,224,846	2,808,901
Taxation		18,865	21,266	18,865	21,266
<b>Total liabilities</b>		<u>10,856,620</u>	<u>9,834,499</u>	<u>10,856,640</u>	<u>9,834,519</u>
<b>Share capital</b>		<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
<b>Reserves</b>		<u>1,018,275</u>	<u>903,882</u>	<u>1,018,275</u>	<u>903,882</u>
<b>Shareholders' funds</b>		<u>1,191,874</u>	<u>1,077,481</u>	<u>1,191,874</u>	<u>1,077,481</u>
<b>Total liabilities and shareholders' funds</b>		<u>12,048,494</u>	<u>10,911,980</u>	<u>12,048,514</u>	<u>10,912,000</u>
<b>Commitments and contingencies</b>	27	<u>117,686,563</u>	<u>127,768,333</u>	<u>117,686,563</u>	<u>127,768,333</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 2008.*

**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 2009**

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Interest income	21	142,411	350,017	44,333	112,820
Interest expense	22	(46,908)	(234,359)	(13,674)	(74,591)
Net interest income		<u>95,503</u>	<u>115,658</u>	<u>30,659</u>	<u>38,229</u>
Net income from Islamic Banking Operations	30	210	-	116	-
Non-interest income	23	137,359	34,834	28,230	(135,012)
Operating income		<u>233,072</u>	<u>150,492</u>	<u>59,005</u>	<u>(96,783)</u>
Other operating expenses	24	(78,160)	(79,177)	(26,611)	(27,352)
Operating profit/(loss)		<u>154,912</u>	<u>71,315</u>	<u>32,394</u>	<u>(124,135)</u>
Loan loss and allowance written back	25	(17)	8,992	8	53
Impairment losses from securities available-for-sale		-	(219)	-	(53)
<b>Profit before taxation</b>		<u>154,895</u>	<u>80,088</u>	<u>32,402</u>	<u>(124,135)</u>
Taxation		(41,905)	(20,125)	(10,030)	35,244
<b>Profit after taxation</b>		<u>112,990</u>	<u>59,963</u>	<u>22,372</u>	<u>(88,891)</u>
Earnings / (Loss) per share (sen)		<u>65.1 sen</u>	<u>34.5 sen</u>	<u>12.9 sen</u>	<u>(51.2) 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 2008.*

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

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

Group and Bank	Share	<--Non-distributable-->		Distributable	Total reserves	Proposed dividend	Total
	capital	Share	Other	Retained			
	RM'000	premium	reserve	profits	RM'000	RM'000	RM'000
<b>At 1 January 2009</b>	173,599	357,763	175,508	370,611	903,882	-	1,077,481
Net profit for the period	-	-	-	112,990	112,990	-	112,990
Unrealised net gain/ (loss) on revaluation of securities available for sale	-	-	1,403	-	1,403	-	1,403
<b>At 30 September 2009</b>	<b>173,599</b>	<b>357,763</b>	<b>176,911</b>	<b>483,601</b>	<b>1,018,275</b>	<b>-</b>	<b>1,191,874</b>
<b>At 1 January 2008</b>	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)
<b>At 30 September 2008</b>	<b>173,599</b>	<b>357,763</b>	<b>175,533</b>	<b>278,804</b>	<b>812,100</b>	<b>-</b>	<b>985,699</b>

*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 2008.*

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

**UNAUDITED CONDENSED CASH FLOW STATEMENT**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	154,895	80,088
Adjustments for non-operating and non-cash items	2,279	2,164
Operating profit before working capital changes	<u>157,174</u>	<u>82,252</u>
Changes in working capital:		
Net changes in operating assets	2,309,431	(3,411,520)
Net changes in operating liabilities	1,024,522	3,715,932
Income tax paid	(38,901)	(41,717)
Net cash generated from operations	<u>3,452,226</u>	<u>344,947</u>
Net cash used in investing activities	(257)	(1,768)
Net cash used in financing activities	-	-
	<u>(257)</u>	<u>(1,768)</u>
Net change in cash and cash equivalents	3,451,969	343,179
Cash and cash equivalents at beginning of the period	305,889	2,294,493
Cash and cash equivalents at end of the period	<u>3,757,858</u>	<u>2,637,672</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>3,757,858</u>	<u>2,637,672</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 2008.*

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AT 30 SEPTEMBER 2009**

**1. Basis of preparation**

The unaudited condensed interim financial statements for the third quarter ended 30 September 2009 have been prepared in accordance with FRS134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

The Bank launched its Islamic Banking business on 20 April 2009 and the financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Bank.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2008.

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 2008 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 2009.

**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 2009.

**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 2009.

**7. Dividend Paid**

No dividend was paid during the third financial quarter ended 30 September 2009.

## 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 2009.

## 10. Review of Performance

The Bank's profit before taxation for the financial period ended 30 September 2009 was RM154.9 million, an increase of 93.4% or RM74.8 million compared to the corresponding period last year. Operating income increased by RM82.6 million from RM150.5 million to RM233.1 million mainly from higher net trading gain recorded whilst operating expenses decreased marginally by RM1.0 million attributed to lower inter-company expenses offset by higher personnel cost recorded during the financial period.

The net non-performing loans moved from 1.11% at 30 September 2008 to 1.20% on the back of lower overall net loans and advances at 30 September 2009. Total assets registered an increase of RM 1.14 billion or 10.4% from RM10.91 billion to RM12.05 billion at 30 September 2009. The Bank's core capital ratio and risk weighted capital ratio remained strong at 13.64% and 13.95% respectively.

## 11. Prospects

The Bank's strategy continues 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.

Lending was guided by continued prudential practices, whilst fee-based and trading activities were expanded to cushion the impact of narrowing interest margins.

## 12. Securities held for trading

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
<b>At fair value</b>	<b>RM'000</b>	<b>RM'000</b>
Money market instruments:		
Malaysian Government Securities	395,572	203,501
Malaysian Investment Issue	4,151	-
Bank Negara Malaysia Bills	49,947	486,319
Cagamas bonds	6,460	6,269
Khazanah bonds	28,785	1,918
Private debt securities	218	197
Negotiable instruments of deposit	300,000	-
	<b>785,133</b>	<b>698,204</b>
	<b>785,133</b>	<b>698,204</b>

**13. Securities available-for-sale**

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
<b>At fair value</b>	<b>RM'000</b>	<b>RM'000</b>
Shares	4,721	349
Irredeemable convertible unsecured loan stocks quoted in Malaysia	-	2,500
	<u>4,721</u>	<u>2,849</u>
	<u><u>4,721</u></u>	<u><u>2,849</u></u>

**14. Securities held-to-maturity**

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted securities:		
Shares, at cost	1,591	1,591
	<u>1,591</u>	<u>1,591</u>
	<u><u>1,591</u></u>	<u><u>1,591</u></u>

**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	52,974	24,178
Term loans - housing loans	35,266	36,928
- other term loans	211,283	482,636
Bills receivable	33,577	185,121
Claims on customers under acceptance credits	376,857	268,906
Staff loans	3,903	4,658
	<u>713,860</u>	<u>1,002,427</u>
Unearned interest	(1,555)	(884)
	<u>712,305</u>	<u>1,001,543</u>
Gross loans and advances	<u>712,305</u>	<u>1,001,543</u>
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(54)	(95)
	<u>688,305</u>	<u>977,502</u>
Net loans and advances	<u><u>688,305</u></u>	<u><u>977,502</u></u>



**15. Loans, advances and financing (continued)**

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

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Domestic banking institutions	-	4,012
Domestic business enterprises - SME	-	-
- others	638,855	775,194
Individuals	39,873	41,600
Foreign entities	33,577	180,737
	<u>712,305</u>	<u>1,001,543</u>
	<u>712,305</u>	<u>1,001,543</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Fixed rate		
- Other fixed rate loan / financing	4,693	4,672
Variable rate		
- Base lending rate plus	281,343	56,911
- Cost-plus	423,613	935,539
- Other variable rates	2,656	4,421
	<u>712,305</u>	<u>1,001,543</u>
	<u>712,305</u>	<u>1,001,543</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Manufacturing	383,926	417,687
Construction	63,074	62,271
Real estate	-	1,196
Purchase of landed property:		
- Residential	38,969	41,478
- Non-Residential	-	-
Wholesale & retail trade and restaurants & hotels	165,071	175,626
Finance, insurance and business services	59,245	269,749
Purchase of transport vehicles	104	142
Others	1,916	33,394
	<u>712,305</u>	<u>1,001,543</u>
	<u>712,305</u>	<u>1,001,543</u>

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

Movements in non-performing loans are as follows:

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at 1 January	8,511	12,393
Classified as non-performing during the period/year	3,554	4,539
Reclassified as performing during the period/year	(1,991)	(2,902)
Amount recovered	(1,628)	(5,462)
Amounts written off	(105)	(57)
Closing balance	<u>8,341</u>	<u>8,511</u>
Specific allowance for doubtful debts	(54)	(95)
Net non-performing loans, advances and financing	<u><u>8,287</u></u>	<u><u>8,416</u></u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	<u>1.16%</u>	<u>0.84 %</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
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>3.36%</u>	<u>2.39%</u>

	<b>Group and Bank</b>	
	<b>30 September 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Specific provision:		
Balance at 1 January	95	5,716
Reclassified to provision for commitment and contingencies	-	3,274
Allowance made during the period/year	41	38
Amount recovered	(8)	(8,876)
Amount written off	(74)	(57)
Closing balance	<u>54</u>	<u>95</u>

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

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

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Manufacturing	2,516	2,516
Purchase of landed property - residential	5,794	5,931
Others	31	64
	<u>8,341</u>	<u>8,511</u>

**17. Other assets**

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Interest / Income Receivable	18,314	21,212
Margin placed with exchange	6,148	4,195
Derivatives	1,471,115	2,566,240
Other debtors, deposits and prepayments	672,948	236,281
	<u>2,168,525</u>	<u>2,827,928</u>

**18. Deposits from customers**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Demand deposits	855,750	707,508	855,770	707,528
Savings deposits	10,014	8,747	10,014	8,747
Fixed deposits	1,064,393	405,529	1,064,393	405,529
Other deposits	4,148,464	4,524,294	4,148,464	4,524,294
Negotiable instrument of deposits	139,100	296,200	139,100	296,200
	<u>6,217,721</u>	<u>5,942,278</u>	<u>6,217,741</u>	<u>5,942,298</u>

**18. Deposits from customers (continued)**

The deposits are sourced from the following types of customers:

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Business enterprises	3,273,682	2,120,508	3,273,702	2,120,528
Individuals	51,325	52,089	51,325	52,089
Foreign customers	139,125	109,881	139,125	109,881
Others	2,753,589	3,659,800	2,753,589	3,659,800
	<u>6,217,721</u>	<u>5,942,278</u>	<u>6,217,741</u>	<u>5,942,298</u>

**19. Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Licensed banks	-	3,000
Other financial institutions	1,838,980	1,059,054
	<u>1,838,980</u>	<u>1,062,054</u>

**20. Other liabilities**

	<b>Group and Bank</b>	
	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
Interest Payable	10,744	21,870
Bills Payable	68,798	91,186
Derivatives	1,215,410	2,088,080
Employee benefits	24,901	16,178
Other liabilities	904,993	591,587
	<u>2,224,846</u>	<u>2,808,901</u>

## 20. Other liabilities (continued)

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

	Group and Bank	
	30 September 2009 RM'000	31 December 2008 RM'000
Balance at 1 January	-	3,274
Reclassification of provision from commitments and And contingencies to specific allowance	-	(3,274)
Closing balance	<u>-</u>	<u>-</u>

## 21. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Loans and advances				
-Interest income other than recoveries from NPL	25,536	29,265	7,380	10,471
-Recoveries from NPL	1,389	778	60	206
Money at call and deposit placements with financial institutions	96,049	272,013	29,139	96,016
Securities held for trading	19,435	47,749	7,753	6,124
Others	2	212	1	3
	<u>142,411</u>	<u>350,017</u>	<u>44,333</u>	<u>112,820</u>

## 22. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Deposits and placements of banks and other financial institutions	2,235	145,776	632	40,209
Deposits from customers	44,629	88,418	13,050	34,342
Others	44	165	(8)	40
	<u>46,908</u>	<u>234,359</u>	<u>13,674</u>	<u>74,591</u>

## 23. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Fee income:				
Commission	4,116	3,481	1,528	1,183
Service charges and fees	5,291	6,931	1,803	1,944
Guarantee fees	1,882	1,822	677	722
Other fee income	-	682	-	682
	<u>11,289</u>	<u>12,916</u>	<u>4,008</u>	<u>4,531</u>
Gains/(losses) arising from sale of securities:-				
Securities held -for- trading	(12,673)	2,244	1,560	2,601
Net gain/(losses) arising from dealing in foreign exchange	224,774	(101,681)	41,274	(109,025)
Net gains/(losses) arising from trading in derivatives	119,784	(79,991)	47,553	(21,982)
Net unrealised gains /(losses) on revaluation of trading portfolio (including derivatives)	(145,898)	69,869	(46,366)	(74,370)
Unrealised gain /(losses) from foreign exchange	(60,743)	120,537	(16,549)	68,549
Gross dividends from securities held-to-maturity	113	311	96	22
Other operating income, net	713	10,629	(3,346)	(5,338)
	<u>126,070</u>	<u>21,918</u>	<u>24,222</u>	<u>(139,543)</u>
	<u>137,359</u>	<u>34,834</u>	<u>28,230</u>	<u>(135,012)</u>

## 24. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Personnel costs				
-Salaries, allowance and bonuses	35,173	27,030	12,285	9,495
-Others	8,482	6,246	2,309	2,076
Establishment costs				
-Rental	1,808	1,725	602	575
-Depreciation	2,279	1,959	706	768
-Others	3,241	2,966	1,262	(1,083)
Marketing expenses	1,141	1,357	470	473
Administration and general expenses				
-Inter-company expenses	20,881	32,823	7,169	13,245
-Communication	1,020	927	361	327
-Others	4,135	4,144	1,447	1,476
	<u>78,160</u>	<u>79,177</u>	<u>26,611</u>	<u>27,352</u>

The number of employees of the Group and the Bank at the end of the period was 150 (Sept 2008 - 151).

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

	<b>Group and Bank</b>			
	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for bad and doubtful debts on loans and financing				
Specific allowance				
-Reclassification to/(from) allowance for commitments and contingencies	-	3,274	-	-
-Provided for the financial year	(42)	(32)	(4)	(20)
-Written back	14	5,601	1	73
Bad debts on loans and financing				
-Recovered	11	149	11	-
	<u>(17)</u>	<u>8,992</u>	<u>8</u>	<u>53</u>

**26. Contingencies**

Litigation 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. Capital Adequacy**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
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	370,611	370,611
Less: Deferred tax assets	(20,856)	(20,856)
<b>Total Tier 1 capital</b>	<u>1,055,839</u>	<u>1,055,839</u>
Tier 2 capital		
General allowance for bad and doubtful debts	23,946	23,946
<b>Total Capital</b>	<u>1,079,785</u>	<u>1,079,785</u>
Less: Investments in subsidiaries	(20)	(20)
<b>Capital base</b>	<u><u>1,079,765</u></u>	<u><u>1,079,765</u></u>
Core capital ratio	13.64%	14.54%
Risk-weighted capital ratio	<u>13.95%</u>	<u>14.86%</u>

The capital ratios have been computed in accordance with the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework

Breakdown of risk weighted assets in the various categories:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total Risk Weighted Assets (RWA)</b>		
Total Credit RWA	3,393,218	2,757,322
Total Operational RWA	491,995	457,736
Total Market RWA	3,856,355	4,048,905
	<u>7,741,568</u>	<u>7,263,963</u>



## 27. Capital Adequacy (cont'd)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Bank are as follows:

30-September-2009 Group and Bank	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000
<b>Direct Credit Substitutes</b>	283		283	57
<b>Transaction related contingent Items</b>	671,240		335,620	198,453
<b>Short Term Self Liquidating trade related contingencies</b>	65,829		13,166	10,085
<b>Foreign exchange related contracts</b>				
One year or less	15,512,859	145,935	181,043	76,560
Over one year to five years	4,912,368	173,667	484,780	270,183
Over five years	2,189,859	57,378	309,482	198,487
<b>Interest/Profit rate related contracts</b>				
One year or less	28,824,644	99,655	157,225	36,844
Over one year to five years	43,925,022	514,367	1,521,256	392,923
Over five years	18,435,734	255,556	1,116,938	374,396
<b>Equity related contracts</b>				
One year or less	550,921	3,797	60,894	31,659
Over one year to five years	1,417,258	9,821	179,892	95,704
Over five years	53,169	711	8,686	4,343
<b>Credit Derivative Contracts</b>				
One year or less				
Over one year to five years	82,311	3,625	3,625	214
Over five years				
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year</b>				
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>				
<b>Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness</b>	1,045,065			
<b>Unutilised credit card lines</b>				
<b>Off-balance sheet items for securitisation exposures</b>				
<b>Off-balance sheet exposures due to early amortisation provisions</b>				
<b>Total</b>	<b>117,686,563</b>	<b>1,264,512</b>	<b>4,372,890</b>	<b>1,689,908</b>

## 27. Capital Adequacy (cont'd)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Bank are as follows:

31-December-2008 Group and Bank	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000
<b>Direct Credit Substitutes</b>	130		130	130
<b>Transaction related contingent Items</b>	908,865		454,433	247,550
<b>Short Term Self Liquidating trade related contingencies</b>	36,970		7,394	4,747
<b>Foreign exchange related contracts</b>				
One year or less	13,844,737	464,477	615,212	220,586
Over one year to five years	3,221,349	164,649	418,812	185,194
Over five years	2,375,887	67,725	310,156	171,941
<b>Interest/Profit rate related contracts</b>				
One year or less	37,916,929	72,389	124,215	23,314
Over one year to five years	55,610,022	1,018,588	2,009,385	417,789
Over five years	10,656,981	580,115	1,345,417	395,669
<b>Equity related contracts</b>				
One year or less	579,068	840	58,747	29,074
Over one year to five years	1,559,613	3,681	190,834	96,800
Over five years	104,243	14,041	29,677	8,380
<b>Credit Derivative Contracts</b>				
One year or less				
Over one year to five years	82,619	-	-	-
Over five years				
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year</b>	208		104	39
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>	870,712		174,142	154,585
<b>Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness</b>				
<b>Unutilised credit card lines</b>				
<b>Off-balance sheet items for securitisation exposures</b>				
<b>Off-balance sheet exposures due to early amortisation provisions</b>				
<b>Total</b>	<b>127,768,333</b>	<b>2,386,505</b>	<b>5,738,658</b>	<b>1,955,798</b>

**28. Interest rate risk**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables indicate the effective interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group and Bank 30 September 2009	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					
<b>Assets</b>										
Cash and short term funds	-	-	-	-	-	3,757,858	-	3,757,858	-	
Securities purchased under resale agreement	-	-	-	-	-	-	4,623,092	4,623,092	1.99	
Securities held for trading	-	-	-	-	-	-	785,133	785,133	3.08	
Securities available for sale	-	-	-	-	-	4,721	-	4,721	-	
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	281,808	187,296	190,236	10,477	34,093	-	-	703,910	3.72	
- Non-performing*	-	-	-	-	-	(15,605)	-	(15,605)	-	
Other assets	-	-	-	-	-	716,679	1,471,115	2,187,794	-	
<b>Total assets</b>	<b>281,808</b>	<b>187,296</b>	<b>190,236</b>	<b>10,477</b>	<b>34,093</b>	<b>4,465,244</b>	<b>6,879,340</b>	<b>12,048,494</b>		

## 28. Interest rate risk (continued)

Group and Bank 30 September 2009	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					
<b>Liabilities and shareholders' funds</b>										
Deposits from customers	2,716,964	690,635	371,617	1,528,703	50,000	859,802	-	6,217,721	1.51	
Deposits and placements of banks and other financial institutions	946,828	-	-	-	-	892,152	-	1,838,980	0.26	
Other liabilities	-	-	-	-	-	1,028,301	1,215,410	2,243,711	-	
<b>Total liabilities</b>	<b>3,663,792</b>	<b>690,635</b>	<b>371,617</b>	<b>1,528,703</b>	<b>50,000</b>	<b>2,780,255</b>	<b>1,771,618</b>	<b>10,856,620</b>		
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,191,874</b>	<b>-</b>	<b>1,191,874</b>		
<b>Total liabilities and shareholders' funds</b>	<b>3,663,792</b>	<b>690,635</b>	<b>371,617</b>	<b>1,528,703</b>	<b>50,000</b>	<b>3,972,129</b>	<b>1,771,618</b>	<b>12,048,494</b>		
On-balance sheet interest sensitivity gap	(3,381,984)	(503,339)	(181,381)	(1,518,226)	(15,907)	493,115	5,107,722	-		
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>(3,381,984)</b>	<b>(503,339)</b>	<b>(181,381)</b>	<b>(1,518,226)</b>	<b>(15,907)</b>	<b>493,115</b>	<b>5,107,722</b>	<b>-</b>		

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

## 28. Interest rate risk (continued)

Group and Bank 2008	←-----→									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 - 2 years RM'000	Non-trading book				Non-interest sensitive RM'000				
					> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000					
<b>Assets</b>													
Cash and short term funds	155,000	-	-	-	-	-	-	-	-	150,889	-	305,889	3.24
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-	-	6,070,853	6,070,853	2.86
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	698,204	698,204	3.59
Securities available-for-sale	-	-	-	-	-	-	-	-	-	2,849	-	2,849	-
Securities held-to-maturity	-	-	-	-	-	-	-	-	-	1,591	-	1,591	-
Loans, advances and financing													
- performing	489,632	268,413	195,656	270	1,537	509	1,430	35,585	-	-	-	993,032	4.56
- non-performing*	-	-	-	-	-	-	-	-	(15,530)	-	-	(15,530)	
Other non-interest sensitive balance	-	-	-	-	-	-	-	-	-	288,852	2,566,240	2,855,092	-
<b>Total assets</b>	<b>644,632</b>	<b>268,413</b>	<b>195,656</b>	<b>270</b>	<b>1,537</b>	<b>509</b>	<b>1,430</b>	<b>35,585</b>	<b>428,651</b>	<b>9,335,297</b>	<b>10,911,980</b>		

## 28. Interest rate risk (continued)

Group and Bank 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 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
<b>Liabilities and shareholders' equity</b>												
Deposits from customers	1,987,045	20,731	852,962	511,302	77,710	550,000	1,085,000	150,000	707,528	-	5,942,278	3.04
Deposits and placement with banks and other financial institutions	235,951	31,944	-	-	-	-	-	-	794,159	-	1,062,054	1.48
Other non-interest sensitive balance	-	-	-	-	-	-	-	-	742,087	2,088,080	2,830,167	-
<b>Total liabilities</b>	<b>2,222,996</b>	<b>52,675</b>	<b>852,962</b>	<b>511,302</b>	<b>77,710</b>	<b>550,000</b>	<b>1,085,000</b>	<b>150,000</b>	<b>2,243,774</b>	<b>2,088,080</b>	<b>9,834,499</b>	
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,077,481</b>	<b>-</b>	<b>1,077,481</b>	
<b>Total liabilities and shareholders' equity</b>	<b>2,222,996</b>	<b>52,675</b>	<b>852,962</b>	<b>511,302</b>	<b>77,710</b>	<b>550,000</b>	<b>1,085,000</b>	<b>150,000</b>	<b>3,321,255</b>	<b>2,088,080</b>	<b>10,911,980</b>	
On-balance sheet interest sensitivity gap	(1,578,364)	215,738	(657,306)	(511,032)	(76,173)	(549,491)	(1,083,570)	(114,415)	(2,892,604)	7,247,217	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity</b>	<b>(1,578,364)</b>	<b>215,738</b>	<b>(657,306)</b>	<b>(511,032)</b>	<b>(76,173)</b>	<b>(549,491)</b>	<b>(1,083,570)</b>	<b>(114,415)</b>	<b>(2,892,604)</b>	<b>7,247,217</b>	<b>-</b>	

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

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

**29. The Operations of Islamic Banking**

**UNAUDITED CONDENSED BALANCE SHEET**  
**AT 30 SEPTEMBER 2009**

	<b>30 September 2009</b> <b>RM'000</b>
<b>Assets</b>	
Cash and short term funds	25,210
Other assets	-
<b>Total assets</b>	25,210
<b>Liabilities and shareholders' funds</b>	
Taxation	52
<b>Total liabilities</b>	52
<b>Share capital</b>	25,000
<b>Reserves</b>	158
<b>Shareholders' funds</b>	25,158
<b>Total liabilities and shareholders' funds</b>	25,210
<b>Commitments and contingencies</b>	-

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

**29. The Operations of Islamic Banking**

**UNAUDITED CONDENSED INCOME STATEMENT**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

	<b>Nine months ended</b> <b>30 September</b> <b>2009</b> <b>RM'000</b>	<b>Three months ended</b> <b>30 September</b> <b>2009</b> <b>RM'000</b>
Income derived from investment of Islamic banking capital funds	210	116
<b>Profit before taxation</b>	<u>210</u>	<u>116</u>
Taxation	52	28
<b>Profit after taxation</b>	<u><u>158</u></u>	<u><u>88</u></u>