

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

Unaudited Condensed Interim Financial Statements
- 30 June 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 JUNE 2008

	Group		Bank	
	30 June 2008 RM'000	31 December 2007 RM'000	30 June 2008 RM'000	31 December 2007 RM'000
Assets				
Cash and short term funds	4,643,244	2,294,493	4,643,244	2,294,493
Securities purchased under resale agreements	7,579,612	5,589,379	7,579,612	5,589,379
Securities held-for-trading	2,236,928	2,523,351	2,236,928	2,523,351
Securities available-for-sale	2,866	3,621	2,866	3,621
Securities held-to-maturity	1,591	1,591	1,591	1,591
Loans, advances and financing	846,520	709,359	846,520	709,359
Other assets	3,090,074	1,015,541	3,090,074	1,015,541
Statutory deposit with Bank Negara Malaysia	725	3,059	725	3,059
Investments in subsidiary companies	-	-	20	20
Property, plant and equipment	6,583	6,182	6,583	6,182
Deferred tax assets	16,642	16,394	16,642	16,394
Total assets	<u>18,424,785</u>	<u>12,162,970</u>	<u>18,424,805</u>	<u>12,162,990</u>
Liabilities and shareholders' funds				
Deposits from customers	5,614,990	4,375,926	5,615,010	4,375,946
Deposits and placements of banks and other financial institutions	4,042,077	2,726,280	4,042,077	2,726,280
Obligations on securities sold under repurchase agreements	4,163,860	3,109,136	4,163,860	3,109,136
Other liabilities	3,480,201	1,003,621	3,480,201	1,003,621
Taxation	49,146	22,021	49,146	22,021
Total liabilities	<u>17,350,274</u>	<u>11,236,984</u>	<u>17,350,294</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>900,912</u>	<u>752,387</u>	<u>900,912</u>	<u>752,387</u>
Shareholders' funds	<u>1,074,511</u>	<u>925,986</u>	<u>1,074,511</u>	<u>925,986</u>
Total liabilities and shareholders' funds	<u>18,424,785</u>	<u>12,162,970</u>	<u>18,424,805</u>	<u>12,162,990</u>
Commitments and contingencies	<u>144,060,790</u>	<u>137,187,491</u>	<u>144,060,790</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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

	Group and Bank			
	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest income	237,197	213,351	125,444	114,269
Interest expense	(159,768)	(142,636)	(81,959)	(77,652)
Net interest income	<u>77,429</u>	<u>70,715</u>	<u>43,485</u>	<u>36,617</u>
Non-interest income	169,846	73,995	52,545	37,970
Operating income	<u>247,275</u>	<u>144,710</u>	<u>96,030</u>	<u>74,587</u>
Other operating expenses	(51,825)	(50,267)	(22,884)	(25,866)
Operating profit	<u>195,450</u>	<u>94,443</u>	<u>73,146</u>	<u>48,721</u>
Loan loss and allowance written back	8,939	908	7,491	825
Impairment losses from securities available-for-sale	(166)	(58)	(38)	1
Profit before taxation	<u>204,223</u>	<u>95,293</u>	<u>80,599</u>	<u>49,547</u>
Taxation	(55,369)	(28,109)	(21,088)	(14,951)
Profit after taxation	<u>148,854</u>	<u>67,184</u>	<u>59,511</u>	<u>34,596</u>
Earnings per share (sen)	<u>85.7 sen</u>	<u>38.7 sen</u>	<u>34.3 sen</u>	<u>19.9 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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

Group and Bank	Share capital RM'000	<--Non-distributable--> Share premium RM'000	Other reserve RM'000	Distributable Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	Total RM'000
At 1 January 2008	173,599	357,763	175,783	218,841	752,387	-	925,986
Net profit for the period	-	-	-	148,854	148,854	-	148,854
Unrealised net loss on revaluation of securities available-for-sale	-	-	(329)	-	(329)	-	(329)
At 30 June 2008	173,599	357,763	175,454	367,695	900,912	-	1,074,511
At 1 January 2007	173,599	357,763	175,075	78,136	610,974	59,200	843,773
Net profit for the period	-	-	-	67,184	67,184	-	67,184
Unrealised net loss on revaluation of securities available-for-sale	-	-	752	-	752	-	752
At 30 June 2007	173,599	357,763	175,827	145,320	678,910	59,200	911,709

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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

	Group and Bank	
	30 June	30 June
	2008	2007
	RM'000	RM'000
Profit before taxation	204,223	95,293
Adjustments for non-operating and non-cash items	1,343	1,323
Operating profit before working capital changes	<u>205,566</u>	<u>96,616</u>
Changes in working capital:		
Net changes in operating assets	(3,913,170)	(4,785,396)
Net changes in operating liabilities	6,086,164	3,904,671
Income tax paid	(28,376)	(16,011)
Net cash generated from / (used in) operations	<u>2,350,184</u>	<u>(800,120)</u>
Net cash used in investing activities	(1,433)	(605)
Net cash used in financing activities	-	-
	<u>(1,433)</u>	<u>(605)</u>
Net change in cash and cash equivalents	2,348,751	(800,725)
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>4,643,244</u>	<u>3,410,815</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>4,643,244</u>	<u>3,410,815</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 JUNE 2008

1. Basis of preparation

The unaudited condensed interim financial statements for the second quarter ended 30 June 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 second financial quarter ended 30 June 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 second financial quarter ended 30 June 2008.

6. Issuance and Repayment of Debt and Equity Securities

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

7. Dividend Paid

No dividend was paid during the second quarter ended 30 June 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 second financial quarter ended 30 June 2008.

10. Review of Performance

The Bank recorded profit before tax of RM204.2 million for the first six months ended 30 June 2008, an increase of RM108.9 million compared to RM95.3 million profit before tax recorded in the previous corresponding period. The increase is mainly attributed to higher net interest income of RM6.7 million and increase in non-interest income of RM95.9 million. Increased net unrealised gains arising from foreign exchange and net unrealized gains on revaluation of trading portfolio (including derivatives) mainly contributed to the higher net non-interest income.

Other operating expenses increased by RM1.6 million mainly attributed to increases in inter-company expenses. Overall specific allowance for bad and doubtful debts showed net recoveries of RM5.6 million compared to RM0.1 million in the previous corresponding quarter.

The ratio of net non-performing loans to the total net loan, financing and advances has moved from 0.79% in the previous corresponding quarter to 1.03% as at 30 June 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 June 2008	31 December 2007
At fair value	RM'000	RM'000
Money market instruments:		
Malaysian Government Treasury Bills	1,622	4,961
Malaysian Government Securities	104,324	226,585
Malaysian Investment Issue	2,506	17,490
Bank Negara Malaysia Bills	2,031,926	654,386
Cagamas bonds	6,388	6,388
Khazanah bonds	1,879	1,849
Negotiable instruments of deposit	29,999	1,598,400
Private debt securities	58,284	13,292
	<u>2,236,928</u>	<u>2,523,351</u>

13. Securities available-for-sale

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
At fair value		
Shares	505	1,121
Irredeemable convertible unsecured loan stocks quoted in Malaysia	2,361	2,500
	2,866	3,621
	2,866	3,621

14. Securities held-to-maturity

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Unquoted securities:		
Shares, at cost	1,591	1,591
	1,591	1,591
	1,591	1,591

15. Loans, advances and financing

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Overdrafts	19,699	15,141
Term loans - housing loans	38,168	39,957
- other term loans	536,158	508,764
Bills receivable	133,618	58,290
Claims on customers under acceptance credits	138,313	111,896
Staff loans	5,248	5,424
	871,204	739,472
Unearned interest	(595)	(451)
	870,609	739,021
Gross loans and advances	870,609	739,021
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(143)	(5,716)
	846,520	709,359
Net loans and advances	846,520	709,359

15. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Domestic banking institutions	8,607	6,844
Domestic business enterprises - SME - others	-	-
Individuals	693,670	630,757
Foreign entities	43,439	50,088
	124,893	51,332
	<u>870,609</u>	<u>739,021</u>

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

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Fixed rate		
- Other fixed rate loan / financing	5,248	5,424
Variable rate		
- Base lending rate plus	51,542	46,117
- Cost-plus	807,493	678,079
- Other variable rates	6,326	9,401
	<u>870,609</u>	<u>739,021</u>

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

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Manufacturing	388,004	298,678
Construction	69,039	48,011
Real estate	1,220	2,262
Purchase of landed property:		
- Residential	42,614	44,720
- Non-Residential	-	360
Wholesale & retail trade and restaurants & hotels	81,325	131,562
Finance, insurance and business services	227,126	154,691
Purchase of transport vehicles	168	210
Others	61,113	58,527
	<u>870,609</u>	<u>739,021</u>

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

Movements in non-performing loans are as follows:

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Balance at 1 January	12,393	23,937
Classified as non-performing during the year	2,077	3,628
Reclassified as performing during the year	(1,985)	(2,980)
Amount recovered	(3,574)	(6,512)
Amounts written off	(57)	(5,680)
Closing balance	<u>8,854</u>	<u>12,393</u>
Specific allowance for doubtful debts	(143)	(5,716)
Net non-performing loans, advances and financing	<u><u>8,711</u></u>	<u><u>6,677</u></u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	<u>1.03%</u>	<u>0.91%</u>

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

	Group and Bank	
	30 June 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>2.75%</u>	<u>3.27%</u>

	Group and Bank	
	30 June 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	12	52
Amount recovered	(5,528)	(4,256)
Amount written off	(57)	(5,680)
Closing balance	<u><u>143</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 June 2008 RM'000	31 December 2007 RM'000
Manufacturing	2,816	5,519
Purchase of landed property - residential	5,974	6,742
Others	64	132
	<u>8,854</u>	<u>12,393</u>

17. Other assets

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Interest / Income receivable	76,035	36,489
Margin placed with exchange	4,524	12,111
Derivatives	2,824,367	927,984
Other debtors, deposits and prepayments	185,148	38,957
	<u>3,090,074</u>	<u>1,015,541</u>

18. Deposits from customers

	Group		Bank	
	30 June 2008 RM'000	31 December 2007 RM'000	30 June 2008 RM'000	31 December 2007 RM'000
Demand deposits	596,723	506,267	596,743	506,287
Savings deposits	10,728	12,633	10,728	12,633
Fixed deposits	354,892	327,065	354,892	327,065
Other deposits	4,191,747	3,112,761	4,191,747	3,112,761
Negotiable instrument of deposits	460,900	417,200	460,900	417,200
	<u>5,614,990</u>	<u>4,375,926</u>	<u>5,615,010</u>	<u>4,375,946</u>

18. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 June 2008 RM'000	31 December 2007 RM'000	30 June 2008 RM'000	31 December 2007 RM'000
Business enterprises	2,216,907	1,612,562	2,216,927	1,612,582
Individuals	58,847	65,913	58,847	65,913
Foreign customers	187,764	77,502	187,764	77,502
Others	3,151,472	2,619,949	3,151,472	2,619,949
	<u>5,614,990</u>	<u>4,375,926</u>	<u>5,615,010</u>	<u>4,375,946</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Licensed banks	30,000	6,000
Other financial institutions	4,012,077	2,720,280
	<u>4,042,077</u>	<u>2,726,280</u>

20. Other liabilities

	Group and Bank	
	30 June 2008 RM'000	31 December 2007 RM'000
Allowance for commitments and contingencies	-	3,274
Interest payable	55,219	35,046
Bills payable	61,243	90,764
Derivatives	2,379,451	686,230
Employee benefits	15,131	33,198
Other liabilities	969,157	155,109
	<u>3,480,201</u>	<u>1,003,621</u>

20. Other liabilities (continued)

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

	Group and Bank	
	30 June 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			
	Six months ended 30 June 2008 RM'000		Three months ended 30 June 2008 RM'000	
Loans and advances				
- Interest income other than recoveries from NPL	18,794	15,401	9,979	7,920
- Recoveries from NPL	572	253	390	129
Money at call and deposit placements with financial institutions	175,997	155,718	94,251	84,588
Securities held for trading	41,625	41,975	20,822	21,629
Others	209	4	2	3
	<u>237,197</u>	<u>213,351</u>	<u>125,444</u>	<u>114,269</u>

22. Interest expense

	Group and Bank			
	Six months ended 30 June 2008 RM'000		Three months ended 30 June 2008 RM'000	
Deposits and placements of banks and other financial institutions	105,567	63,629	57,102	37,504
Deposits from customers	54,076	77,906	24,778	39,946
Others	125	1,101	79	202
	<u>159,768</u>	<u>142,636</u>	<u>81,959</u>	<u>77,652</u>

23. Non-Interest Income

	Group and Bank			
	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	2,298	2,668	1,199	1,557
Service charges and fees	4,987	4,125	2,313	1,925
Guarantee fees	1,100	622	569	300
Underwriting fees	-	900	-	900
Other fee income	-	108	-	108
	<u>8,385</u>	<u>8,423</u>	<u>4,081</u>	<u>4,790</u>
Gain/(Losses) arising from sale of securities:-				
Securities held -for- trading	(357)	2,243	(2,218)	4,533
Net gains/(losses) arising from dealing in foreign exchange	7,344	38,681	(126,713)	35,017
Net gains/(losses) arising from trading in derivatives	(58,009)	47,653	(68,382)	4,194
Net unrealised gains/(losses) on revaluation of trading portfolio (including derivatives)	144,239	(5,894)	83,878	17,969
Unrealised gains/(losses) from foreign exchange	51,988	(27,058)	156,035	(34,702)
Gross dividends from securities held-to-maturity	289	36	289	36
Other operating income, net	15,967	9,911	5,575	6,133
	<u>161,461</u>	<u>65,572</u>	<u>48,464</u>	<u>33,180</u>
	<u>169,846</u>	<u>73,995</u>	<u>52,545</u>	<u>37,970</u>

24. Other operating expenses

	Group and Bank			
	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowance and bonuses	17,535	23,427	7,719	11,551
- Others	4,170	4,395	1,308	2,211
Establishment costs				
- Rental	1,150	1,146	575	573
- Depreciation	1,191	1,265	623	637
- Others	4,049	1,731	3,084	785
Marketing expenses	884	1,019	441	558
Administration and general expenses				
- Inter-company expenses	19,578	14,171	7,378	7,948
- Communication	600	533	282	282
- Others	2,668	2,580	1,474	1,321
	<u>51,825</u>	<u>50,267</u>	<u>22,884</u>	<u>25,866</u>

The number of employees of the Group and the Bank at the end of the period was 156 (June 2007 - 134).

25. Loan loss and allowance written back

	Group and Bank			
	Six months ended 30 June 2008 RM'000	30 June 2007 RM'000	Three months ended 30 June 2008 RM'000	30 June 2007 RM'000
Allowance for bad and doubtful debts on loans and financing				
Specific allowance				
-Reclassification from provisions for commitments and contingencies to specific allowance	3,274	-	3,274	-
- Provided in the financial year	(12)	(25)	(1)	(25)
- Written back	5,528	378	4,069	327
Bad debts on loans and financing				
- Recovered	149	555	149	523
	<u>8,939</u>	<u>908</u>	<u>7,491</u>	<u>825</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 June 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	217	217	43	217	217	217
Transaction-related contingent items	1,072,562	536,281	198,044	668,366	334,183	146,405
Short-term self-liquidating trade-related contingencies	40,943	8,189	6,964	55,022	11,004	4,927
Irrecoverable commitments to extend credit:						
- Maturity not exceeding one year	999,181	199,836	171,215	744,008	148,802	147,293
- Maturity exceeding one year	4,191	2,095	2,046	549	275	206
Foreign exchange related contracts:						
- Less than one year	25,983,452	577,091	203,656	15,972,437	388,970	154,621
- One year to less than 5 years	3,162,379	444,632	260,199	2,496,245	282,267	167,720
- 5 years and above	1,829,821	263,312	95,735	3,508,079	516,784	230,401
Interest rate related contracts:						
- Less than one year	6,243,520	4,711	941	39,999,488	80,526	32,480
- One year to less than 5 years	72,795,482	1,947,677	460,738	63,008,502	1,333,335	463,756
- 5 years and above	30,619,211	1,302,995	476,765	9,008,899	874,460	435,330
Equity and commodity related contracts:						
- Less than one year	71,367	5,082	1,616	549,209	-	-
- One year to less than 5 years	1,078,939	185,797	44,883	1,051,773	-	-
- 5 years and above	159,525	23,929	11,964	124,697	-	-
	<u>144,060,790</u>	<u>5,501,844</u>	<u>1,934,809</u>	<u>137,187,491</u>	<u>3,970,823</u>	<u>1,783,356</u>

28. Capital adequacy

	Bank	
	30 June 2008 RM'000	31 December 2007 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><u>932,457</u></u>	<u><u>932,457</u></u>
Total Risk Weighted Assets (RWA)		
Total Credit RWA	2,738,868	2,073,225
Total Operational RWA	468,326	-
Total Market RWA	4,931,287	3,420,379
	<u><u>8,138,481</u></u>	<u><u>5,493,604</u></u>
Core capital ratio	11.16%	16.54%
Risk-weighted capital ratio	<u><u>11.46%</u></u>	<u><u>16.97%</u></u>

Note:

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

29. Interest rate risk

Group and Bank 30 June 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	4,248,503	-	-	-	-	394,741	-	4,643,244	3.52	
Securities purchased under resale agreement	-	-	-	-	-	-	7,579,612	7,579,612	3.47	
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	
Securities held for trading	-	-	-	-	-	-	2,236,928	2,236,928	3.20	
Securities available for sale	-	-	-	-	-	2,866	-	2,866	-	
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	524,104	92,096	180,905	23,369	41,281	-	-	861,755	4.87	
- Non-performing*	-	-	-	-	-	(15,235)	-	(15,235)	-	
Other non-interest sensitive balance	-	-	-	-	-	289,657	2,824,367	3,114,024	-	
Total assets	4,772,607	92,096	180,905	23,369	41,281	673,620	12,640,907	18,424,785		

29. Interest rate risk (continued)

Group and Bank 30 June 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	2,487,210	25,270	299,510	2,056,277	150,000	596,723	-	5,614,990	3.08
Deposits and placements of banks and other financial institutions	657,173	-	879,563	-	-	2,505,341	-	4,042,077	3.51
Obligations on securities sold under repurchase agreements	2,736,418	1,155,677	271,765	-	-	-	-	4,163,860	3.35
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Other non-interest sensitive balance	-	-	-	-	-	1,149,896	2,379,451	3,529,347	-
Total liabilities	5,880,801	1,180,947	1,450,838	2,056,277	150,000	4,251,960	2,379,451	17,350,274	
Shareholders' funds	-	-	-	-	-	1,074,511	-	1,074,511	
Total liabilities and shareholders' funds	5,880,801	1,180,947	1,450,838	2,056,277	150,000	5,326,471	2,379,451	18,424,785	
On-balance sheet interest sensitivity gap	(1,108,194)	(1,088,851)	(1,269,933)	(2,032,908)	(108,719)	(4,652,851)	10,261,456	-	-
Off-balance sheet interest sensitivity gap	2,210,000	3,460,000	25,226,308	55,427,694	10,336,211	-	-	96,660,213	-
Total interest sensitivity gap	1,101,806	2,371,149	23,956,375	53,394,786	10,227,492	(4,652,851)	10,261,456	96,660,213	

* 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									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	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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.