

Company No. 312552-W

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

Unaudited Condensed Interim Financial Statements
- 30 June 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 JUNE 2009

	Note	Group		Bank	
		30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Assets					
Cash and short term funds		1,866,020	305,889	1,866,020	305,889
Securities purchased under resale agreements		4,995,383	6,070,853	4,995,383	6,070,853
Securities held-for-trading	12	565,002	698,204	565,002	698,204
Securities available-for-sale	13	4,653	2,849	4,653	2,849
Securities held-to-maturity	14	1,591	1,591	1,591	1,591
Loans, advances and financing	15	742,441	977,502	742,441	977,502
Other assets	17	1,982,367	2,827,928	1,982,367	2,827,928
Statutory deposit with Bank Negara Malaysia		225	225	225	225
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		4,621	6,083	4,621	6,083
Deferred tax assets		18,531	20,856	18,531	20,856
Total assets		<u>10,180,834</u>	<u>10,911,980</u>	<u>10,180,854</u>	<u>10,912,000</u>
Liabilities and shareholders' funds					
Deposits from customers	18	5,882,145	5,942,278	5,882,165	5,942,298
Deposits and placements of banks and other financial institutions	19	819,462	1,062,054	819,462	1,062,054
Other liabilities	20	2,274,422	2,808,901	2,274,422	2,808,901
Taxation		35,354	21,266	35,354	21,266
Total liabilities		<u>9,011,383</u>	<u>9,834,499</u>	<u>9,011,403</u>	<u>9,834,519</u>
Share capital		<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
Reserves		<u>995,852</u>	<u>903,882</u>	<u>995,852</u>	<u>903,882</u>
Shareholders' funds		<u>1,169,451</u>	<u>1,077,481</u>	<u>1,169,451</u>	<u>1,077,481</u>
Total liabilities and shareholders' funds		<u>10,180,834</u>	<u>10,911,980</u>	<u>10,180,854</u>	<u>10,912,000</u>
Commitments and contingencies	27	<u>114,456,283</u>	<u>127,768,333</u>	<u>114,456,283</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 FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Note	Group and Bank			
		Half year ended		2nd quarter ended	
		30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Interest income	21	98,078	237,197	40,575	125,444
Interest expense	22	(33,234)	(159,768)	(16,054)	(81,959)
Net interest income		<u>64,844</u>	<u>77,429</u>	<u>24,521</u>	<u>43,485</u>
Net income from Islamic Banking Operations	30	94	-	94	-
Non-interest income	23	109,129	169,846	(51,385)	52,545
Operating income		<u>174,067</u>	<u>247,275</u>	<u>(26,770)</u>	<u>96,030</u>
Other operating expenses	24	(51,549)	(51,825)	(23,603)	(22,884)
Operating profit/(loss)		<u>122,518</u>	<u>195,450</u>	<u>(50,373)</u>	<u>73,146</u>
Loan loss and allowance written back	25	(25)	8,939	(11)	7,491
Impairment losses from securities available-for-sale		-	(166)	-	(38)
Profit before taxation		<u>122,493</u>	<u>204,223</u>	<u>(50,384)</u>	<u>80,599</u>
Taxation		(31,875)	(55,369)	11,773	(21,088)
Profit after taxation		<u>90,618</u>	<u>148,854</u>	<u>(38,611)</u>	<u>59,511</u>
Earnings / (Loss) per share (sen)		<u>52.2 sen</u>	<u>85.7 sen</u>	<u>(22.2) sen</u>	<u>34.3 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 FINANCIAL HALF YEAR ENDED 30 JUNE 2009

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 2009	173,599	357,763	175,508	370,611	903,882	-	1,077,481
Net profit for the period	-	-	-	90,618	90,618	-	90,618
Unrealised net loss on revaluation of securities available for sale	-	-	1,352	-	1,352	-	1,352
At 30 June 2009	173,599	357,763	176,860	461,229	995,852	-	1,169,451
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

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)
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AND ITS SUBSIDIARIES

UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Group and Bank	
	30 June	30 June
	2009	2008
	RM'000	RM'000
Profit before taxation	122,493	204,223
Adjustments for non-operating and non-cash items	1,573	1,343
Operating profit before working capital changes	<u>124,066</u>	<u>205,566</u>
Changes in working capital:		
Net changes in operating assets	2,287,490	(3,913,170)
Net changes in operating liabilities	(837,204)	6,086,164
Income tax paid	(14,110)	(28,376)
Net cash generated from operations	<u>1,560,242</u>	<u>2,350,184</u>
Net cash used in investing activities	(111)	(1,433)
Net cash used in financing activities	-	-
	<u>(111)</u>	<u>(1,433)</u>
Net change in cash and cash equivalents	1,560,131	2,348,751
Cash and cash equivalents at beginning of the period	305,889	2,294,493
Cash and cash equivalents at end of the period	<u>1,866,020</u>	<u>4,643,244</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>1,866,020</u>	<u>4,643,244</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 JUNE 2009

1. Basis of preparation

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 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 in the second quarter and the financial half year ended 30 June 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 in the second quarter and the financial half year ended 30 June 2009.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 June 2009.

7. Dividend Paid

No dividend was paid in the second quarter and the financial half year ended 30 June 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 in the second quarter and the financial half year ended 30 June 2009.

10. Review of Performance

The Bank's profit before taxation for the financial half year ended 30 June 2009 was RM122.5 million, which is RM81.7 million or 40.0% lower than the corresponding period last year. Operating income declined by RM73.2 million from RM247.3 million to RM174.1 million mainly from lower net trading gain recorded during the financial period ended 30 June 2009. Other operating expenses decreased marginally by RM0.3 million attributed to lower inter-company expenses offset by higher personnel cost recorded in the financial half year ended 30 June 2009.

The net non-performing loans moved from 1.03% at 30 June 2008 to 1.09% on the back of lower overall net loans and advances at 30 June 2009. Total assets registered a decrease of RM731.1 million or 6.7% from RM10.91 billion to RM10.18 billion at 30 June 2009. The Bank's core capital ratio and risk weighted capital ratio remained strong at 14.03% and 14.35% 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.

We have seen greater competition from both the local and foreign houses in the banking industry in terms of price and service levels. 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

	Group and Bank	
	30 June 2009	31 December 2008
At fair value	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	547,107	203,501
Malaysian Investment Issue	4,156	-
Bank Negara Malaysia Bills	-	486,319
Cagamas bonds	11,559	6,269
Khazanah bonds	1,973	1,918
Private debt securities	207	197
	<u>565,002</u>	<u>698,204</u>

13. Securities available-for-sale

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
At fair value		
Shares	709	349
Irredeemable convertible unsecured loan stocks quoted in Malaysia	3,944	2,500
	<u>4,653</u>	<u>2,849</u>

14. Securities held-to-maturity

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 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 June 2009 RM'000	31 December 2008 RM'000
Overdrafts	149,276	24,178
Term loans - housing loans	35,253	36,928
- other term loans	274,645	482,636
Bills receivable	8,304	185,121
Claims on customers under acceptance credits	297,095	268,906
Staff loans	3,785	4,658
	<u>768,358</u>	<u>1,002,427</u>
Unearned interest	(1,884)	(884)
	<u>766,474</u>	<u>1,001,543</u>
Gross loans and advances		
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(87)	(95)
	<u>742,441</u>	<u>977,502</u>

15. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Domestic banking institutions	-	4,012
Domestic business enterprises - SME	-	-
- others	718,402	775,194
Individuals	39,768	41,600
Foreign entities	8,304	180,737
	<u>766,474</u>	<u>1,001,543</u>

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

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Fixed rate		
- Other fixed rate loan / financing	4,501	4,672
Variable rate		
- Base lending rate plus	181,533	56,911
- Cost-plus	577,454	935,539
- Other variable rates	2,986	4,421
	<u>766,474</u>	<u>1,001,543</u>

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

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Manufacturing	318,717	417,687
Construction	84,044	62,271
Real estate	1,204	1,196
Purchase of landed property:		
- Residential	39,038	41,478
- Non-Residential	-	-
Wholesale & retail trade and restaurants & hotels	135,671	175,626
Finance, insurance and business services	78,380	269,749
Purchase of transport vehicles	117	142
Others	109,303	33,394
	<u>766,474</u>	<u>1,001,543</u>

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

Movements in non-performing loans are as follows:

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Balance at 1 January	8,511	12,393
Classified as non-performing during the period/year	3,148	4,539
Reclassified as performing during the period/year	(1,748)	(2,902)
Amount recovered	(1,442)	(5,462)
Amounts written off	(45)	(57)
Closing balance	<u>8,424</u>	<u>8,511</u>
Specific allowance for doubtful debts	(87)	(95)
Net non-performing loans, advances and financing	<u><u>8,337</u></u>	<u><u>8,416</u></u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	<u>1.09 %</u>	<u>0.84 %</u>

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

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 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>3.12%</u>	<u>2.39%</u>

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Specific provision:		
Balance at 1 January	95	5,716
Reclassified to provision for commitment and contingencies		3,274
Allowance made during the period/year	23	38
Amount recovered	-	(8,876)
Amount written off	(31)	(57)
Closing balance	<u>87</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:

	Group and Bank	
	30 June	31 December
	2009	2008
	RM'000	RM'000
Manufacturing	2,515	2,516
Purchase of landed property - residential	5,877	5,931
Others	32	64
	<u>8,424</u>	<u>8,511</u>

17. Other assets

	Group and Bank	
	30 June	31 December
	2009	2008
	RM'000	RM'000
Interest / Income Receivable	29,402	21,212
Margin placed with exchange	4,235	4,195
Derivatives	1,560,326	2,566,240
Other debtors, deposits and prepayments	388,404	236,281
	<u>1,982,367</u>	<u>2,827,928</u>

18. Deposits from customers

	Group		Bank	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Demand deposits	1,040,902	707,508	1,040,922	707,528
Savings deposits	7,525	8,747	7,525	8,747
Fixed deposits	542,858	405,529	542,858	405,529
Other deposits	4,150,760	4,524,294	4,150,760	4,524,294
Negotiable instrument of deposits	140,100	296,200	140,100	296,200
	<u>5,882,145</u>	<u>5,942,278</u>	<u>5,882,165</u>	<u>5,942,298</u>

18. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Business enterprises	2,349,286	2,120,508	2,349,306	2,120,528
Individuals	48,836	52,089	48,836	52,089
Foreign customers	192,448	109,881	192,448	109,881
Others	3,291,575	3,659,800	3,291,575	3,659,800
	<u>5,882,145</u>	<u>5,942,278</u>	<u>5,882,165</u>	<u>5,942,298</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2009	31 December 2008
	RM'000	RM'000
Licensed banks	-	3,000
Other financial institutions	819,462	1,059,054
	<u>819,462</u>	<u>1,062,054</u>

20. Other liabilities

	Group and Bank	
	30 June 2009	31 December 2008
	RM'000	RM'000
Interest Payable	27,359	21,870
Bills Payable	58,181	91,186
Derivatives	1,239,054	2,088,080
Employee benefits	18,252	16,178
Other liabilities	931,576	591,587
	<u>2,274,422</u>	<u>2,808,901</u>

20. Other liabilities (continued)

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

	Group and Bank	
	30 June 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			
	Half year ended 30 June 2009 RM'000		2nd quarter ended 30 June 2009 RM'000	
	30 June 2008 RM'000	30 June 2008 RM'000	30 June 2008 RM'000	30 June 2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	18,156	18,794	7,912	9,979
- Recoveries from NPL	1,329	572	150	390
Money at call and deposit placements with financial institutions	66,910	175,997	27,663	94,251
Securities held for trading	11,682	41,625	4,850	20,822
Others	1	209	-	2
	<u>98,078</u>	<u>237,197</u>	<u>40,575</u>	<u>125,444</u>

22. Interest expense

	Group and Bank			
	Half year ended 30 June 2009 RM'000		2nd quarter ended 30 June 2009 RM'000	
	30 June 2008 RM'000	30 June 2008 RM'000	30 June 2008 RM'000	30 June 2008 RM'000
Deposits and placements of banks and other financial institutions	1,603	105,567	580	57,102
Deposits from customers	31,579	54,076	15,446	24,778
Others	52	125	28	79
	<u>33,234</u>	<u>159,768</u>	<u>16,054</u>	<u>81,959</u>

23. Non-Interest Income

	Group and Bank			
	Half year ended		2nd quarter ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	2,588	2,298	1,612	1,199
Service charges and fees	3,488	4,987	1,797	2,313
Guarantee fees	1,205	1,100	569	569
	<u>7,281</u>	<u>8,385</u>	<u>3,978</u>	<u>4,081</u>
Gain/(Losses) arising from sale of securities:-				
Securities held -for- trading	(14,233)	(357)	(5,915)	(2,218)
Net gains arising from dealing in foreign exchange	183,500	7,344	129,913	(126,713)
Net gains/(losses) arising from trading in derivatives	72,231	(58,009)	30,306	(68,382)
Net unrealised gains/(losses) on revaluation of trading portfolio (including derivatives)	(99,532)	144,239	(147,154)	83,878
Unrealised gains/(losses) from foreign exchange	(44,194)	51,988	(64,806)	156,035
Gross dividends from securities held-to-maturity	17	289	6	289
Other operating income, net	4,059	15,967	2,287	5,575
	<u>101,848</u>	<u>161,461</u>	<u>(55,363)</u>	<u>48,464</u>
	<u>109,129</u>	<u>169,846</u>	<u>(51,385)</u>	<u>52,545</u>

24. Other operating expenses

	Group and Bank			
	Half year ended		2nd quarter ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowance and bonuses	22,888	17,535	9,030	7,719
- Others	6,173	4,170	3,299	1,308
Establishment costs				
- Rental	1,206	1,150	619	575
- Depreciation	1,573	1,191	782	623
- Others	1,979	4,049	979	3,084
Marketing expenses	671	884	357	441
Administration and general expenses				
- Inter-company expenses	13,712	19,578	6,823	7,378
- Communication	659	600	337	282
- Others	2,688	2,668	1,377	1,474
	<u>51,549</u>	<u>51,825</u>	<u>23,603</u>	<u>22,884</u>

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

25. Loan loss and allowance written back

	Group and Bank			
	Half year ended		2nd quarter ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 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 for the financial period	(38)	(12)	(19)	(1)
- Written back	13	5,528	8	4,069
Bad debts on loans and financing				
- Recovered		149		149
	<u>(25)</u>	<u>8,939</u>	<u>(11)</u>	<u>7,491</u>

26. Credit exposure to connected parties

The credit exposures of the Group and the Bank to connected parties, as defined by Bank Negara Malaysia's 'Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	Group and Bank	
	30 June 2009 RM'000	31 December 2008 RM'000
Outstanding credit exposures with connected parties	400,993	853,384
Of which:		
Total credit exposure which is non-performing	-	-
Percentage of outstanding credit exposures to connected parties		
- as a percentage of total credit exposures	7.57%	14.72%
- as a percentage of capital base	37.14%	79.03%
- which is non-performing	0.00%	0.00%

27. 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.

28. Capital Adequacy

	Group and Bank	
	30 June	31 December
	2009	2008
	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	370,611	370,611
Less: Deferred tax assets	(20,856)	(20,856)
Total Tier 1 capital	<u>1,055,839</u>	<u>1,055,839</u>
Tier 2 capital		
General allowance for bad and doubtful debts	23,946	23,946
Total Capital	<u>1,079,785</u>	<u>1,079,785</u>
Less: Investments in subsidiaries	(20)	(20)
Capital base	<u><u>1,079,765</u></u>	<u><u>1,079,765</u></u>
Core capital ratio	14.03%	14.54%
Risk-weighted capital ratio	<u>14.35%</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:

	Group and Bank	
	30 June	31 December
	2009	2008
	RM'000	RM'000
Total Risk Weighted Assets (RWA)		
Total Credit RWA	2,520,537	2,757,322
Total Operational RWA	527,333	457,736
Total Market RWA	4,479,105	4,048,905
	<u>7,526,975</u>	<u>7,263,963</u>

28. Capital adequacy (continued)

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

30 June 2009

Group and Bank

Exposure Class	Gross Exposures		Net Exposures	Risk-Weighted Assets	Capital Requirement
		RM'000	RM'000	RM'000	RM'000
Credit Risk					
<i><u>On-Balance Sheet Exposures</u></i>					
Sovereigns/Central Banks		5,081,500	79,906	-	-
Banks, Development Financial Institutions "DFIs" and Multilateral Development Banks ("MDBs")		502,165	502,165	164,689	13,175
Insurance Companies, Securities Firms and Fund Managers		18,154	18,154	7,844	628
Corporates		717,729	716,780	562,397	44,992
Regulatory Retail		1	1	0	0
Residential Mortgages		33,134	38,957	12,262	981
Higher Risk Assets		20	20	30	2
Other Assets		9,931	9,931	5,779	462
Equity Exposure		6,264	6,264	5,186	415
Defaulted Exposures		8,339	8,339	9,597	768
Total On-Balance Sheet Exposures		6,377,237	1,380,517	767,784	61,423
<i><u>Off-Balance Sheet Exposures</u></i>					
OTC Derivatives		4,458,645	3,910,701	1,752,753	140,220
Credit Derivatives		83,438	2,558	-	-
Total for Off-Balance Sheet Exposures		4,542,083	3,913,259	1,752,753	140,220
Total On and Off- Balance Sheet Exposures		10,919,320	5,293,776	2,520,537	201,643
Large Exposure Risk Requirement		-	-	-	-
Market Risk					
	Long Position	Short Position			
Interest Rate Risk	130,519,138	123,080,838	7,438,300	2,863,536	229,083
Foreign Currency Risk	1,242,206	55,905	1,186,301	1,242,206	99,376
Option Risk	86,332	-	86,332	373,363	29,869
	131,847,676	123,136,743	8,710,933	4,479,105	358,328
Operational Risk				527,333	42,187
Total RWA and Capital Requirements				7,526,975	602,158

28. Capital adequacy (continued)

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

31 December 2008

Group and Bank

Exposure Class	Gross Exposures		Net Exposures	Risk-Weighted Assets	Capital Requirement
		RM'000	RM'000	RM'000	RM'000
Credit Risk					
<u>On-Balance Sheet Exposures</u>					
Sovereigns/Central Banks		6,165,504	88,727	-	-
Banks, Development Financial Institutions "DFIs") and Multilateral Development Banks ("MDBs")		437,731	437,731	177,080	14,166
Insurance Companies, Securities Firms and Fund Managers		9,380	9,380	8,143	652
Corporates		774,476	773,737	582,568	46,605
Regulatory Retail		9	9	7	1
Residential Mortgages		34,849	34,849	13,090	1,047
Higher Risk Assets		20	20	30	2
Other Assets		10,820	10,820	7,546	604
Equity Exposure		4,460	4,460	3,382	271
Defaulted Exposures		8,420	8,420	9,678	774
Total On-Balance Sheet Exposures		7,445,669	1,368,153	801,524	64,122
<u>Off-Balance Sheet Exposures</u>					
OTC Derivatives		5,656,039	4,428,534	1,955,798	156,464
Credit Derivatives		82,619	-	-	-
Total for Off-Balance Sheet Exposures		5,738,658	4,428,534	1,955,798	156,464
Total On and Off- Balance Sheet Exposures		13,184,327	5,796,687	2,757,322	220,586
Large Exposure Risk Requirement		-	-	-	-
Market Risk					
	Long Position	Short Position			
Interest Rate Risk	139,724,990	133,690,041	6,034,949	2,235,077	178,806
Foreign Currency Risk	1,351,404	2,251	1,349,153	1,351,402	108,112
Option Risk	-	36,994	(36,994)	462,426	36,994
	141,076,394	133,729,286	7,347,108	4,048,905	323,912
Operational Risk				457,736	36,619
Total RWA and Capital Requirements				7,263,963	581,117

28. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights are as follows:

30 June 2009

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	79,906	-	-	-	-	-	-	-	4,152	-	84,058	-
20%	-	-	1,983,139	12,178	134,035	-	-	-	-	1,348	2,130,700	426,140
35%	-	-	-	-	-	-	29,993	-	-	-	29,993	10,498
50%	-	-	1,718,587	1,345	210,103	-	2,366	-	-	-	1,932,401	966,200
75%	-	-	-	-	-	1	775	-	-	-	776	582
100%	-	51,835	65	25,891	1,019,004	-	5,823	-	5,779	4,916	1,113,313	1,113,313
150%	-	-	-	-	2,516	-	-	20	-	-	2,536	3,804
Total Exposures	79,906	51,835	3,701,791	39,414	1,365,658	1	38,957	20	9,931	6,264	5,293,777	2,520,537
Risk Weighted Assets by Exposures	-	51,835	1,255,986	28,999	1,154,637	-	18,085	30	5,779	5,186	2,520,537	
Average Risk Weight	-	100%	34%	74%	85%	75%	46%	150%	58%	83%	48%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

28. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights are as follows:

31 December 2008

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	88,727	-	-	-	-	-	-	-	3,274	-	92,001	-
20%	-	-	1,951,260	554	212,021	-	-	-	-	1,348	2,165,183	433,037
35%	-	-	-	-	-	-	32,023	-	-	-	32,023	11,208
50%	-	-	1,980,671	15,746	393,283	-	1,105	-	-	-	2,390,805	1,195,402
75%	-	-	-	-	-	9	1,825	-	-	-	1,834	1,376
100%	-	53,982	3,500	13,378	1,024,503	-	5,904	-	7,546	3,112	1,111,925	1,111,925
150%	-	-	-	-	2,896	-	-	20	-	-	2,916	4,374
Total Exposures	88,727	53,982	3,935,431	29,678	1,632,703	9	40,857	20	10,820	4,460	5,796,687	2,757,322
Risk Weighted Assets by Exposures	-	53,982	1,384,088	21,362	1,267,892	7	19,033	30	7,546	3,382	2,757,322	
Average Risk Weight	-	100%	35%	72%	78%	78%	47%	150%	70%	76%	48%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

28. Capital Adequacy (cont'd)

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

30-June-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
Direct Credit Substitutes	283		283	283
Transaction related contingent Items	684,214		342,107	211,419
Short Term Self Liquidating trade related contingencies	44,251		8,850	8,322
Foreign exchange related contracts				
One year or less	10,409,100	158,033	282,757	132,480
Over one year to five years	3,337,748	184,404	400,850	185,664
Over five years	2,660,989	65,246	409,084	271,677
Interest/Profit rate related contracts				
One year or less	32,877,453	129,027	180,729	35,592
Over one year to five years	49,263,115	580,858	1,533,869	382,387
Over five years	11,706,738	238,871	1,091,749	371,863
Equity related contracts				
One year or less	783,342	3,081	81,415	39,046
Over one year to five years	1,542,147	14,900	198,995	110,076
Over five years	52,043	1,029	8,836	3,944
Credit Derivative Contracts				
One year or less				
Over one year to five years	83,438	2,558	2,558	
Over five years				
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year				
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	1,011,422			
Unutilised credit card lines				
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions				
Total	114,456,283	1,378,007	4,542,082	1,752,753

28. 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
Direct Credit Substitutes	130		130	130
Transaction related contingent Items	908,865		454,433	247,550
Short Term Self Liquidating trade related contingencies	36,970		7,394	4,747
Foreign exchange related contracts				
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
Interest/Profit rate related contracts				
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
Equity related contracts				
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
Credit Derivative Contracts				
One year or less				
Over one year to five years	82,619	-	-	-
Over five years				
Other commitments, such as formal standby facilities and credit lines, with an original maturity over one year	208		104	39
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	870,712		174,142	154,585
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				
Unutilised credit card lines				
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions				
Total	127,768,333	2,386,505	5,738,658	1,955,798

29. 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 June 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				
Assets									
Cash and short term funds	1,685,566	-	-	-	-	180,454	-	1,866,020	1.24
Securities purchased under resale agreement	-	-	-	-	-	-	4,995,383	4,995,383	1.97
Securities held for trading	-	-	-	-	-	-	565,002	565,002	4.05
Securities available for sale	-	-	-	-	-	4,653	-	4,653	-
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-
Loans, advances and financing									
- Performing	335,233	190,052	196,778	1,750	34,150	-	-	757,963	4.50
- Non-performing*	-	-	-	-	-	(15,522)	-	(15,522)	-
Other assets	-	-	-	-	-	445,419	1,560,325	2,005,744	-
Total assets	2,020,799	190,052	196,778	1,750	34,150	616,595	7,120,710	10,180,834	

29. Interest rate risk (continued)

Group and Bank 30 June 2009	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	2,229,742	409,045	528,583	1,571,053	100,000	1,043,722	-	5,882,145	1.22
Deposits and placements of banks and other financial institutions	255,542	-	-	-	-	563,920	-	819,462	0.33
Other liabilities	-	-	-	-	-	1,070,722	1,239,054	2,309,776	-
Total liabilities	2,485,284	409,045	528,583	1,571,053	100,000	2,678,364	1,239,054	9,011,383	
Shareholders' funds	-	-	-	-	-	1,169,451	-	1,169,451	
Total liabilities and shareholders' funds	2,485,284	409,045	528,583	1,571,053	100,000	3,847,815	1,239,054	10,180,834	
On-balance sheet interest sensitivity gap	(464,485)	(218,993)	(331,805)	(1,569,303)	(65,850)	(3,231,220)	5,881,656	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(464,485)	(218,993)	(331,805)	(1,569,303)	(65,850)	(3,231,220)	5,881,656	-	

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

29. Interest rate risk (continued)

Group and Bank 2008	←				Non-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	Non-interest sensitive RM'000	Trading book RM'000			
Assets													
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	-
Total assets	644,632	268,413	195,656	270	1,537	509	1,430	35,585	428,651	9,335,297	10,911,980		

29. Interest rate risk (continued)

Group and Bank 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 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000				
Liabilities and shareholders' equity												
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	-
Total liabilities	2,222,996	52,675	852,962	511,302	77,710	550,000	1,085,000	150,000	2,243,774	2,088,080	9,834,499	
Shareholders' equity	-	-	-	-	-	-	-	-	1,077,481	-	1,077,481	
Total liabilities and shareholders' equity	2,222,996	52,675	852,962	511,302	77,710	550,000	1,085,000	150,000	3,321,255	2,088,080	10,911,980	
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)	-	-	-	-	-	-	-	-	-	-	-	
Total interest sensitivity	(1,578,364)	215,738	(657,306)	(511,032)	(76,173)	(549,491)	(1,083,570)	(114,415)	(2,892,604)	7,247,217	-	

* 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

30. The Operations of Islamic Banking

UNAUDITED CONDENSED BALANCE SHEET
AT 30 JUNE 2009

	30 June 2009 RM'000
Assets	
Cash and short term funds	25,092
Other assets	2
Total assets	25,094
Liabilities and shareholders' funds	
Taxation	24
Total liabilities	24
Share capital	25,000
Reserves	70
Shareholders' funds	25,070
Total liabilities and shareholders' funds	25,094
Commitments and contingencies	-

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

30. The Operations of Islamic Banking

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Half year ended 30 June 2009 RM'000	2nd quarter ended 30 June 2009 RM'000
Income derived from investment of Islamic banking capital funds	94	94
Profit before taxation	<u>94</u>	<u>94</u>
Taxation	(24)	(24)
Profit after taxation	<u><u>70</u></u>	<u><u>70</u></u>