

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

Unaudited Condensed Interim Financial Statements
- 30 June 2007

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 2007

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Assets				
Cash and short term funds	3,410,815	4,211,540	3,410,815	4,211,540
Securities purchased under resale agreements	3,019,035	1,795,778	3,019,035	1,795,778
Deposits and placements with banks and other financial institutions	587,350	353,000	587,350	353,000
Securities held-for-trading	2,534,945	1,031,738	2,534,945	1,031,738
Securities available-for-sale	3,750	2,784	3,750	2,784
Securities held-to-maturity	1,591	1,591	1,591	1,591
Loans, advances and financing	647,871	515,813	647,871	515,813
Other assets	2,534,875	899,351	2,534,875	899,351
Statutory deposit with Bank Negara Malaysia	96,059	39,059	96,059	39,059
Investments in subsidiary companies	-	-	20	20
Property, plant and equipment	6,870	7,530	6,870	7,530
Deferred tax assets	24,054	17,776	24,054	17,776
Total assets	<u>12,867,215</u>	<u>8,875,960</u>	<u>12,867,235</u>	<u>8,875,980</u>
Liabilities and shareholders' funds				
Deposits from customers	4,121,690	3,416,089	4,121,710	3,416,109
Deposits and placements of banks and other financial institutions	3,395,306	1,969,832	3,395,306	1,969,832
Obligations on securities sold under repurchase agreements	2,629,396	1,565,325	2,629,396	1,565,325
Bills and acceptances payable	-	-	-	-
Other liabilities	1,757,592	1,048,067	1,757,592	1,048,067
Taxation	51,522	32,874	51,522	32,874
Total liabilities	<u>11,955,506</u>	<u>8,032,187</u>	<u>11,955,526</u>	<u>8,032,207</u>
Share capital	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
Reserves	<u>678,910</u>	<u>610,974</u>	<u>678,910</u>	<u>610,974</u>
Proposed dividend	<u>59,200</u>	<u>59,200</u>	<u>59,200</u>	<u>59,200</u>
Shareholders' funds	<u>911,709</u>	<u>843,773</u>	<u>911,709</u>	<u>843,773</u>
Total liabilities and shareholders' funds	<u>12,867,215</u>	<u>8,875,960</u>	<u>12,867,235</u>	<u>8,875,980</u>
Commitments and contingencies	<u>144,421,505</u>	<u>121,623,001</u>	<u>144,421,505</u>	<u>121,623,001</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 2006.

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 2007

	Group and Bank			
	Six months ended	Six months ended	Three months ended	Three months ended
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
Interest income	213,351	127,066	114,269	76,480
Interest expense	(142,636)	(86,487)	(77,652)	(53,051)
Net interest income	<u>70,715</u>	<u>40,579</u>	<u>36,617</u>	<u>23,429</u>
Non-interest income	73,995	22,779	37,970	(11,982)
Operating income	<u>144,710</u>	<u>63,358</u>	<u>74,587</u>	<u>11,447</u>
Other operating expenses	(50,267)	(49,723)	(25,866)	(27,657)
Operating profit	<u>94,443</u>	<u>13,635</u>	<u>48,721</u>	<u>(16,210)</u>
Loan loss and allowance written back	908	1,568	825	454
Impairment losses from securities available-for-sale	(58)	(4,079)	1	(318)
Profit before taxation	<u>95,293</u>	<u>11,124</u>	<u>49,547</u>	<u>(16,074)</u>
Taxation	(28,109)	(3,716)	(14,951)	4,629
Profit after taxation	<u>67,184</u>	<u>7,408</u>	<u>34,596</u>	<u>(11,445)</u>
	=====	=====	=====	=====
Earnings per share (sen)	38.7 sen	5.2 sen	19.9 sen	(8.0) sen
	=====	=====	=====	=====

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 2006.

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007

Group and Bank	Share capital RM'000	<--Non-distributable-->		Distributable Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	Total RM'000
		Share premium RM'000	Other reserve RM'000				
At 1 January 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	<u>173,599</u>	<u>357,763</u>	<u>175,827</u>	<u>145,320</u>	<u>678,910</u>	<u>59,200</u>	<u>911,709</u>
At 1 January 2006	143,043	113,319	146,623	60,549	320,491	70,700	534,234
Net profit for the period	-	-	-	7,408	7,408	-	7,408
Unrealised net loss on revaluation of securities available for sale	-	-	2,556	-	2,556	-	2,556
Dividend Payable	-	-	-	-	-	(70,700)	(70,700)
At 30 June 2006	<u>143,043</u>	<u>113,319</u>	<u>149,179</u>	<u>67,957</u>	<u>330,455</u>	<u>-</u>	<u>473,498</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 2006.

DEUTSCHE BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2007

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM'000
Profit before taxation	95,293	11,124
Adjustments for non-operating and non-cash items	1,323	5,156
Operating profit before working capital changes	<u>96,616</u>	<u>16,280</u>
Changes in working capital:		
Net changes in operating assets	(4,785,396)	(3,779,725)
Net changes in operating liabilities	3,904,671	3,766,954
Income tax (paid) / refunded	(16,011)	(10,847)
Net cash generated from / (used in) operations	<u>(800,120)</u>	<u>(7,338)</u>
Net cash generated from / (used in) investing activities	(605)	(300)
Net cash generated from / (used in) financing activities	<u>(605)</u>	<u>(300)</u>
Net change in cash and cash equivalents	(800,725)	(7,638)
Cash and cash equivalents at beginning of the period	4,211,540	2,196,515
Cash and cash equivalents at end of the period	<u>3,410,815</u>	<u>2,188,877</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>3,410,815</u>	<u>2,188,877</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 2006.

DEUTSCHE BANK (MALAYSIA) BERHAD
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2007

1. Basis of preparation

The unaudited condensed interim financial statements for the second quarter ended 30 June 2007 should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2006.

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 2006 was not subject to any qualification.

3. Seasonality or Cyclical 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 2007.

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 2007.

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 2007.

7. Dividend Paid

No dividend was paid during the second quarter ended 30 June 2007.

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 2007.

10. Review of Performance

The Bank recorded profit after tax of RM67.2 million for the six months ended 30 June 2007, an increase of RM59.8 million compared to RM7.4 million in the previous corresponding period in 2006. The increase is mainly attributed to higher net interest income of RM30.1 million and increase in non-interest income of RM51.2 million. Increased earnings from interbank placements, securities held-for-trading and securities purchased under resale agreements mainly contributed to the higher interest income.

Other operating expenses increased by RM0.5 million mainly attributed to increases in personnel and establishment costs, offset by a decrease in the inter-company expenses. Overall specific allowance for bad and doubtful debts showed net recoveries of RM0.9 million compared to RM1.6 million in the first half of 2006. Impairment losses from securities available for sale was RM0.06 million compared to RM4.1 million in the half of 2006.

As at 30 June 2007, the Bank's net non-performing loans ratio ("NPL") was 0.79% compared to 1.11% in the previous corresponding period in 2006.

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. 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	31 December
	2007	2006
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Treasury Bills	87,087	107,440
Malaysian Government Securities	999,372	394,980
Malaysian Investment Issue	20,820	15,899
Bank Negara Malaysia Bills	1,285,595	222,403
Cagamas bonds	11,248	18,849
Khazanah bonds	6,398	5,884
Negotiable instruments of deposit	100,000	150,000
Private debt securities	24,425	116,283
	2,534,945	1,031,738
	2,534,945	1,031,738

13. Securities available-for-sale

	Group and Bank	
	30 June 2007	31 December 2006
At fair value	RM'000	RM'000
Shares	900	715
Irredeemable convertible unsecured loan stocks quoted in Malaysia	2,850	2,069
	<u>3,750</u>	<u>2,784</u>
	=====	=====

14. Securities held-to-maturity

	Group and Bank	
	30 June 2007	31 December 2006
	RM'000	RM'000
Unquoted securities:		
Shares, at cost	1,591	1,591
	<u>1,591</u>	<u>1,591</u>
	=====	=====

15. Loans, advances and financing

	Group and Bank	
	30 June 2007	31 December 2006
	RM'000	RM'000
Overdrafts	22,267	46,760
Term loans - housing loans	40,316	38,409
- other term loans	483,037	332,502
Bills receivable	14,400	21,845
Claims on customers under acceptance credits	120,886	113,883
Staff loans	4,678	4,727
	<u>685,584</u>	<u>558,126</u>
Unearned interest	(411)	(511)
	<u>685,173</u>	<u>557,615</u>
Gross loans and advances	685,173	557,615
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(13,356)	(17,856)
	<u>647,871</u>	<u>515,813</u>
	=====	=====
Net loans and advances	647,871	515,813

15. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Domestic business enterprises - SME	-	1,171
- others	616,178	478,529
Individuals	54,667	56,240
Foreign entities	14,328	21,675
	685,173	557,615
	685,173	557,615

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Fixed rate		
- Other fixed rate loan / financing	4,678	4,727
Variable rate		
- Base lending rate plus	53,520	78,196
- Cost-plus	616,573	461,092
- Other variable rates	10,402	13,600
	685,173	557,615
	685,173	557,615

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Agriculture, hunting, forestry and fishing	-	-
Manufacturing	432,786	325,003
Construction	28,967	6,758
Real estate	5,492	6,183
Purchase of landed property:		
- Residential	43,670	42,546
- Non-Residential	595	1,108
Wholesale & retail trade and restaurants & hotels	111,015	104,054
Finance, insurance and business services	14,328	21,675
Purchase of transport vehicles	244	235
Others	48,076	50,053
	685,173	557,615
	685,173	557,615

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

Movements in non-performing loans are as follows:

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Balance at 1 January	23,937	23,079
Classified as non-performing during the year	1,969	5,080
Reclassified as performing during the year	(1,945)	(1,657)
Amount recovered	(1,129)	(2,565)
Amounts written off	(4,147)	-
Closing balance	<u>18,685</u>	<u>23,937</u>
Specific allowance for doubtful debts	(13,356)	(17,856)
Net non-performing loans, advances and financing	<u>5,329</u>	<u>6,081</u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	<u>0.79%</u>	<u>1.13 %</u>

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
General allowance		
Balance at 1 January / Closing balance	23,946	23,946
As a % of adjusted gross loans and advances less specific allowance	<u>3.56%</u>	<u>4.44 %</u>

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Specific provision:		
Balance at 1 January	17,856	18,198
Allowance made during the year	25	2,223
Amount recovered	(378)	(2,565)
Amount written off	(4,147)	-
Closing balance	<u>13,356</u>	<u>17,856</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 2007 RM'000	31 December 2006 RM'000
Manufacturing	10,896	12,656
Purchase of landed property - residential	6,123	6,100
Wholesale & retail trade and restaurants & hotels	-	3,515
Others	1,666	1,666
	<u>18,685</u>	<u>23,937</u>

17. Other assets

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Interest / Income Receivable	51,316	41,455
Margin placed with exchange	20,906	20,433
Derivatives	1,007,695	795,442
Other debtors, deposits and prepayments	1,454,958	42,021
	<u>2,534,875</u>	<u>899,351</u>

18. Deposits from customers

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Demand deposits	737,664	629,282	737,684	629,302
Savings deposits	11,771	14,384	11,771	14,384
Fixed deposits	1,380,089	1,473,991	1,380,089	1,473,991
Other deposits	1,688,966	1,038,232	1,688,966	1,038,232
Negotiable instrument of deposits	303,200	260,200	303,200	260,200
	<u>4,121,690</u>	<u>3,416,089</u>	<u>4,121,710</u>	<u>3,416,109</u>

18. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Business enterprises	1,442,487	1,728,025	1,442,507	1,728,045
Individuals	69,317	65,281	69,317	65,281
Foreign customers	418,412	126,293	418,412	126,293
Others	2,191,474	1,496,490	2,191,474	1,496,490
	<u>4,121,690</u>	<u>3,416,089</u>	<u>4,121,710</u>	<u>3,416,109</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Licensed banks	2,051,207	200,000
Other financial institutions	1,344,099	1,769,832
	<u>3,395,306</u>	<u>1,969,832</u>

20. Other liabilities

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Allowance for commitments and contingencies	1,018	1,018
Interest Payable	16,690	12,934
Bills Payable	74,173	109,727
Derivatives	882,338	685,105
Employee benefits	24,430	26,928
Other liabilities	758,943	212,355
	<u>1,757,592</u>	<u>1,048,067</u>

20. Other liabilities (continued)

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Balance at 1 January	1,018	3,241
Reclassification of provision from commitments and And contingencies to specific allowance		(2,223)
Closing balance	<u>1,018</u>	<u>1,018</u>

21. Interest income

	Group and Bank			
	Six months ended 30 June 2007 RM'000		Three months ended 30 June 2007 RM'000	
	30 June 2006 RM'000	30 June 2006 RM'000	30 June 2006 RM'000	30 June 2006 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	15,401	14,220	7,920	7,251
- Recoveries from NPL	253	136	129	77
Money at call and deposit placements with financial institutions	155,718	83,498	84,588	54,114
Securities held for trading	41,975	29,210	21,629	15,036
Others	4	2	3	2
	<u>213,351</u>	<u>127,066</u>	<u>114,269</u>	<u>76,480</u>

22. Interest expense

	Group and Bank			
	Six months ended 30 June 2007 RM'000		Three months ended 30 June 2007 RM'000	
	30 June 2006 RM'000	30 June 2006 RM'000	30 June 2006 RM'000	30 June 2006 RM'000
Deposits and placements of banks and other financial institutions	63,629	63,271	37,504	40,495
Deposits from customers	77,906	21,912	39,946	11,280
Others	1,101	1,304	202	1,276
	<u>142,636</u>	<u>86,487</u>	<u>77,652</u>	<u>53,051</u>

23. Non-Interest Income

	Group and Bank			
	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	2,668	1,801	1,557	945
Service charges and fees	4,125	3,288	1,925	1,714
Guarantee fees	622	502	300	232
Underwriting fees	900	-	900	-
Other fee income	108	-	108	-
	<u>8,423</u>	<u>5,591</u>	<u>4,790</u>	<u>2,891</u>
Losses arising from sale of securities:-				
Securities held -for- trading	2,243	(20,820)	4,533	(17,857)
Net gains/losses arising from dealing in foreign exchange	38,681	17,239	35,017	(15,949)
Net gains/losses arising from trading in derivatives	47,653	(24,664)	4,194	(2,398)
Net unrealised losses/gains on revaluation of trading portfolio (including derivatives)	(5,894)	26,585	17,969	(21,410)
Unrealised losses/gains from foreign exchange	(27,058)	508	(34,702)	25,483
Gross dividends from securities held-to-maturity	36	51	36	36
Gain on disposal of property, plant and equipment	-	1	-	1
Other operating income, net	9,911	18,288	6,133	17,221
	<u>65,572</u>	<u>17,188</u>	<u>33,180</u>	<u>(14,873)</u>
	<u>73,995</u>	<u>22,779</u>	<u>37,970</u>	<u>(11,982)</u>

24. Other operating expenses

	Group and Bank			
	Six months ended		Three months ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowance and bonuses	23,427	20,982	11,551	11,493
- Others	4,395	4,054	2,211	2,309
Establishment costs				
- Rental	1,146	1,098	573	571
- Depreciation	1,265	1,078	637	523
- Others	1,731	1,206	785	604
Marketing expenses	1,019	1,014	558	624
Administration and general expenses				
- Inter-company expenses	14,171	17,297	7,948	9,903
- Communication	533	466	282	256
- Others	2,580	2,528	1,321	1,374
	<u>50,267</u>	<u>49,723</u>	<u>25,866</u>	<u>27,657</u>

The number of employees of the Group and the Bank at the end of the period was 134 (June 2006 - 123).

25. Loan loss and allowance written back

	Group and Bank			
	Six months ended 30 June 2007 RM'000	30 June 2006 RM'000	Three months ended 30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts on loans and financing				
Specific allowance				
- Provided in the financial year	(25)	-	(25)	-
- Written back	378	1,466	327	397
Bad debts on loans and financing				
- Recovered	555	102	523	57
	<u>908</u>	<u>1,568</u>	<u>825</u>	<u>454</u>
	<u><u>908</u></u>	<u><u>1,568</u></u>	<u><u>825</u></u>	<u><u>454</u></u>

26. 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 2007			31 December 2006		
	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	3,008	3,008	3,008	4,008	4,008	4,008
Transaction-related contingent items	621,691	310,846	179,199	618,539	309,270	169,337
Short-term self-liquidating trade-related contingencies	48,322	9,664	4,203	15,339	3,068	1,509
Irrecoverable commitments to extend credit:						
- Maturity not exceeding one year	448,589	-	-	356,282	-	-
- Maturity exceeding one year	772	386	386	992	496	496
Foreign exchange related contracts:						
- Less than one year	23,110,536	403,438	113,564	13,016,126	339,390	100,028
- One year to less than 5 years	2,561,064	211,290	67,997	1,131,524	100,941	27,029
- 5 years and above	2,776,524	514,380	192,001	2,575,023	418,808	159,152
Interest rate related contracts:						
- Less than one year	38,753,700	135,967	22,149	38,260,000	69,127	13,826
- One year to less than 5 years	69,763,355	1,414,938	283,264	59,835,714	1,193,965	228,461
- 5 years and above	6,333,944	457,702	94,321	5,809,454	582,733	125,560
	<u>144,421,505</u>	<u>3,461,619</u>	<u>960,092</u>	<u>121,623,001</u>	<u>3,021,806</u>	<u>829,406</u>

27. Capital adequacy

	Bank	
	30 June 2007 RM'000	31 December 2006 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	78,136	78,136
Less: Deferred tax assets	(17,776)	(17,776)
Total Tier 1 capital	<u>766,444</u>	<u>766,444</u>
Tier 2 capital		
General allowance for bad and doubtful debts	23,946	23,946
Total Capital	<u>790,390</u>	<u>790,390</u>
Less: Investments in subsidiaries	(20)	(20)
Capital base	<u>790,370</u>	<u>790,370</u>
Core capital ratio	12.73%	14.56%
Risk-weighted capital ratio	<u>13.13%</u>	<u>15.01%</u>

28. Interest rate risk

Group and Bank 30 June 2007	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	3,324,605	-	-	-	-	86,210	-	3,410,815	4.86	
Securities purchased under resale agreement	-	-	-	-	-	-	3,019,035	3,019,035	3.50	
Deposits and placement with banks and other financial institutions	-	241,850	345,500	-	-	-	-	587,350	5.30	
Securities held for trading	-	-	-	-	-	-	2,534,945	2,534,945	3.71	
Securities available for sale	-	-	-	-	-	3,750	-	3,750	-	
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	365,082	162,283	72,625	24,067	42,421	-	-	666,478	4.86	
- Non-performing*	-	-	-	-	-	(18,607)	-	(18,607)	-	
Other assets	-	-	-	-	-	1,654,163	1,007,695	2,661,858	-	
Total assets	3,689,687	404,133	418,125	24,067	42,421	1,727,107	6,561,675	12,867,215		

28. Interest rate risk (continued)

Group and Bank 30 June 2007	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					
Liabilities and shareholders' funds										
Deposits from customers	1,121,939	301,449	32,187	1,743,451	185,000	737,664	-	4,121,690	4.11	
Deposits and placements of banks and other financial institutions	2,698,750	354,100	-	6,000	-	336,456	-	3,395,306	3.79	
Obligations on securities sold under repurchase agreements	1,211,831	1,383,105	34,460	-	-	-	-	2,629,396	3.32	
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	926,776	882,338	1,809,114	-	
Total liabilities	5,032,520	2,038,654	66,647	1,749,451	185,000	2,000,896	882,338	11,955,506		
Shareholders' funds	-	-	-	-	-	911,709	-	911,709		
Total liabilities and shareholders' funds	5,032,520	2,038,654	66,647	1,749,451	185,000	2,912,605	882,338	12,867,215		
On-balance sheet interest sensitivity gap	(1,342,833)	(1,634,521)	351,478	(1,725,384)	(142,579)	(1,185,498)	5,679,337	-		
Total interest sensitivity gap	(1,342,833)	(1,634,521)	351,478	(1,725,384)	(142,579)	(1,185,498)	5,679,337	-		

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

28. Interest rate risk (continued)

Group and Bank 31 December 2006	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	4,121,722	-	-	-	-	89,818	-	4,211,540	4.67%	
Securities purchased under resale agreement	-	-	-	-	-	-	1,795,778	1,795,778	3.57%	
Deposits and placement with banks and other financial institutions	-	-	353,000	-	-	-	-	353,000	5.33%	
Securities held for trading	-	-	-	-	-	-	1,031,738	1,031,738	4.99%	
Securities available for sale	-	-	-	-	-	2,784	-	2,784	-	
Securities held-to-maturing	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	242,297	140,439	83,782	27,867	39,293	-	-	533,678	5.24%	
- Non-performing*	-	-	-	-	-	(17,865)	-	(17,865)	-	
Other assets	-	-	-	-	-	168,274	795,442	963,716	-	
Total assets	4,364,019	140,439	436,782	27,867	39,293	244,602	3,622,958	8,875,960		

28. Interest rate risk (continued)

Group and Bank 31 December 2006	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	752,110	729,581	22,215	1,170,750	112,150	629,283	-	3,416,089	3.86%
Deposits and placements of banks and other financial institutions	1,636,065	200,000	-	-	-	133,767	-	1,969,832	4.51%
Obligations on securities sold under repurchase agreements	1,456,848	108,477	-	-	-	-	-	1,565,325	3.35%
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	395,836	685,105	1,080,941	-
Total liabilities	3,845,023	1,038,058	22,215	1,170,750	112,150	1,158,886	685,105	8,032,187	
Shareholders' funds	-	-	-	-	-	843,773	-	843,773	
Total liabilities and shareholders' funds	3,845,023	1,038,058	22,215	1,170,750	112,150	2,002,659	685,105	8,875,960	
On-balance sheet interest sensitivity gap	518,996	(897,619)	414,567	(1,142,883)	(72,857)	(1,758,057)	2,937,853		
Total interest sensitivity gap	518,996	(897,619)	414,567	(1,142,883)	(72,857)	(1,758,057)	2,937,853		

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