

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

**Unaudited Condensed Interim Financial Statements**  
**- 31 March 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 31 MARCH 2007**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
<b>Assets</b>				
Cash and short term funds	2,977,319	4,211,540	2,977,319	4,211,540
Securities purchased under resale agreements	2,309,329	1,795,778	2,309,329	1,795,778
Deposits and placements with banks and other financial institutions	345,600	353,000	345,600	353,000
Securities held-for-trading	2,986,470	1,031,738	2,986,470	1,031,738
Securities available-for-sale	3,670	2,784	3,670	2,784
Securities held-to-maturity	1,591	1,591	1,591	1,591
Loans, advances and financing	588,715	515,813	588,715	515,813
Other assets	1,348,057	899,351	1,348,057	899,351
Statutory deposit with Bank Negara Malaysia	6,059	39,059	6,059	39,059
Investments in subsidiary companies	-	-	20	20
Property, plant and equipment	7,388	7,530	7,388	7,530
Deferred tax assets	20,868	17,776	20,868	17,776
<b>Total assets</b>	<u>10,595,066</u>	<u>8,875,960</u>	<u>10,595,086</u>	<u>8,875,980</u>
<b>Liabilities and shareholders' funds</b>				
Deposits from customers	3,593,392	3,416,089	3,593,412	3,416,109
Deposits and placements of banks and other financial institutions	2,275,496	1,969,832	2,275,496	1,969,832
Obligations on securities sold under repurchase agreements	2,293,032	1,565,325	2,293,032	1,565,325
Bills and acceptances payable	-	-	-	-
Other liabilities	1,516,341	1,048,067	1,516,341	1,048,067
Taxation	39,749	32,874	39,749	32,874
<b>Total liabilities</b>	<u>9,718,010</u>	<u>8,032,187</u>	<u>9,718,030</u>	<u>8,032,207</u>
<b>Share capital</b>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
<b>Reserves</b>	<u>644,257</u>	<u>610,974</u>	<u>644,257</u>	<u>610,974</u>
<b>Proposed dividend</b>	<u>59,200</u>	<u>59,200</u>	<u>59,200</u>	<u>59,200</u>
<b>Shareholders' funds</b>	<u>877,056</u>	<u>843,773</u>	<u>877,056</u>	<u>843,773</u>
<b>Total liabilities and shareholders' funds</b>	<u>10,595,066</u>	<u>8,875,960</u>	<u>10,595,086</u>	<u>8,875,980</u>
<b>Commitments and contingencies</b>	<u>131,638,054</u>	<u>121,623,001</u>	<u>131,638,054</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.*

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**AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INCOME STATEMENT**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended</b>	<b>1<sup>st</sup> Quarter ended</b>	<b>Three months ended</b>	<b>Three months ended</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Interest income	99,082	50,586	99,082	50,586
Interest expense	(64,984)	(33,436)	(64,984)	(33,436)
Net interest income	<u>34,098</u>	<u>17,150</u>	<u>34,098</u>	<u>17,150</u>
Non-interest income	36,025	34,761	36,025	34,761
Operating income	<u>70,123</u>	<u>51,911</u>	<u>70,123</u>	<u>51,911</u>
Other operating expenses	(24,401)	(22,066)	(24,401)	(22,066)
Operating profit	<u>45,722</u>	<u>29,845</u>	<u>45,722</u>	<u>29,845</u>
Loan loss and allowance written back	83	1,114	83	1,114
Impairment losses from securities available-for-sale	(59)	(3,761)	(59)	(3,761)
<b>Profit before taxation</b>	<u>45,746</u>	<u>27,198</u>	<u>45,746</u>	<u>27,198</u>
Taxation	(13,158)	(8,345)	(13,158)	(8,345)
<b>Profit after taxation</b>	<u>32,588</u>	<u>18,853</u>	<u>32,588</u>	<u>18,853</u>
Earnings per share (sen)	<u>18.8 sen</u>	<u>13.2 sen</u>	<u>18.8 sen</u>	<u>13.2 sen</u>

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**DEUTSCHE BANK (MALAYSIA) BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 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				
<b>At 1 January 2007</b>	173,599	357,763	175,075	78,136	610,974	59,200	843,773
Net profit for the period	-	-	-	32,588	32,588	-	32,588
Unrealised net loss on revaluation of securities available for sale	-	-	695	-	695	-	695
<b>At 31 March 2007</b>	<b>173,599</b>	<b>357,763</b>	<b>175,770</b>	<b>110,724</b>	<b>644,257</b>	<b>59,200</b>	<b>877,056</b>
<b>At 1 January 2006</b>	143,043	113,319	146,623	60,549	320,491	70,700	534,234
Net profit for the period	-	-	-	18,853	18,853	-	18,853
Unrealised net loss on revaluation of securities available for sale	-	-	2,346	-	2346	-	2,346
Dividend Payable	-	-	-	-	-	(70,700)	(70,700)
<b>At 31 March 2006</b>	<b>143,043</b>	<b>113,319</b>	<b>148,969</b>	<b>79,402</b>	<b>341,690</b>	<b>-</b>	<b>484,733</b>

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**UNAUDITED CONDENSED CASH FLOW STATEMENT**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2007**

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 March 2006 RM'000</b>
Profit before taxation	45,746	27,198
Adjustments for non-operating and non-cash items	687	555
Operating profit before working capital changes	46,433	27,753
Changes in working capital:		
Net changes in operating assets	(2,949,491)	(1,614,008)
Net changes in operating liabilities	1,678,948	711,441
Income tax (paid) / refunded	(9,625)	(5,737)
Net cash generated from / (used in) operations	(1,233,735)	(880,551)
Net cash generated from / (used in) investing activities	(486)	3,677
Net cash generated from / (used in) financing activities	-	-
	(486)	3,677
Net change in cash and cash equivalents	(1,234,221)	(876,874)
Cash and cash equivalents at beginning of the period	4,211,540	2,196,515
Cash and cash equivalents at end of the period	2,977,319	1,319,641
Analysis of cash and cash equivalents		
Cash and short-term funds	2,977,319	1,319,641

*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.*

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AT 31 MARCH 2007**

**1. Basis of preparation**

The unaudited condensed interim financial statements for the first quarter ended 31 March 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 first financial quarter ended 31 March 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 first financial quarter ended 31 March 2007.

**6. Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the first financial quarter ended 31 March 2007.

**7. Dividend Paid**

No dividend was paid during the first quarter ended 31 March 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 first financial quarter ended 31 March 2007.

## 10. Review of Performance

The Bank recorded profit before tax of RM45.7 million for the first financial quarter ended 31 March 2007, an increase of RM18.5 million compared to RM27.2 million profit before tax recorded in the previous corresponding quarter. The increase is mainly attributed to higher net interest income of RM16.9 million and increase in non-interest income of RM1.3 million. Increased earnings from interbank placements and securities held for trading mainly contributed to the higher net interest income.

Other operating expenses increased by RM2.3 million mainly attributed to increases in personnel costs. Overall specific allowance for bad and doubtful debts showed net recoveries of RM0.1 million compared to RM1.1 million in the previous corresponding quarter.

The ratio of net non-performing loans to the total net loan, financing and advances has moved from 0.96% in the previous corresponding quarter to 1.07% as at 31 March 2007.

## 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 2006. 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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Treasury Bills	108,438	107,440
Malaysian Government Securities	488,980	394,980
Malaysian Investment Issue	92,610	15,899
Bank Negara Malaysia Bills	1,718,099	222,403
Cagamas bonds	10,888	18,849
Khazanah bonds	83,092	5,884
Negotiable instruments of deposit	-	150,000
Private debt securities	373,238	116,283
Foreign Currency Bonds	111,125	-
	2,986,470	1,031,738

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

	<b>Group and Bank</b>	
	<b>31 March 2007</b>	<b>31 December 2006</b>
<b>At fair value</b>	<b>RM'000</b>	<b>RM'000</b>
Shares	792	715
Irredeemable convertible unsecured loan stocks quoted in Malaysia	2,878	2,069
	<u>3,670</u>	<u>2,784</u>

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

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

**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>31 March 2007</b>	<b>31 December 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	58,171	46,760
Term loans - housing loans	39,426	38,409
- other term loans	388,820	332,502
Bills receivable	24,079	21,845
Claims on customers under acceptance credits	116,111	113,883
Staff loans	4,462	4,727
	<u>631,069</u>	<u>558,126</u>
Unearned interest	(603)	(511)
	<u>630,466</u>	<u>557,615</u>
Gross loans and advances		
Allowance for bad and doubtful debts		
- General	(23,946)	(23,946)
- Specific	(17,805)	(17,856)
	<u>588,715</u>	<u>515,813</u>



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

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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Domestic business enterprises - SME	-	1,171
- others	552,384	478,529
Individuals	54,169	56,240
Foreign entities	23,913	21,675
	<u>630,466</u>	<u>557,615</u>
	<u>630,466</u>	<u>557,615</u>

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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Fixed rate		
- Other fixed rate loan / financing	4,462	4,727
Variable rate		
- Base lending rate plus	91,581	78,196
- Cost-plus	522,226	461,092
- Other variable rates	12,197	13,600
	<u>630,466</u>	<u>557,615</u>
	<u>630,466</u>	<u>557,615</u>

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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Agriculture, hunting, forestry and fishing	-	-
Manufacturing	361,626	325,003
Construction	23,191	6,758
Real estate	5,702	6,183
Purchase of landed property:		
- Residential	43,334	42,546
- Non-Residential	712	1,108
Wholesale & retail trade and restaurants & hotels	99,594	104,054
Finance, insurance and business services	23,913	21,675
Purchase of transport vehicles	217	235
Others	72,177	50,053
	<u>630,466</u>	<u>557,615</u>
	<u>630,466</u>	<u>557,615</u>

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

Movements in non-performing loans are as follows:

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Balance at 1 January	23,937	23,079
Classified as non-performing during the year	1,403	5,080
Reclassified as performing during the year	(905)	(1,657)
Amount recovered	(63)	(2,565)
Amounts written off	-	-
	<u>24,372</u>	<u>23,937</u>
Closing balance	24,372	23,937
Specific allowance for doubtful debts	(17,805)	(17,856)
	<u>6,567</u>	<u>6,081</u>
Net non-performing loans, advances and financing	6,567	6,081
	<u>1.07%</u>	<u>1.13 %</u>
Percentage of net non-performing loans to loans and advances (net of specific allowance)	1.07%	1.13 %

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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
General allowance		
Balance at 1 January / Closing balance	23,946	23,946
	<u>23,946</u>	<u>23,946</u>
As a % of adjusted gross loans and advances less specific allowance	3.91%	4.44 %
	<u>3.91%</u>	<u>4.44 %</u>

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Specific provision:		
Balance at 1 January	17,856	18,198
Allowance made during the year	-	2,223
Amount recovered	(51)	(2,565)
Amount written off	-	-
	<u>17,805</u>	<u>17,856</u>
Closing balance	17,805	17,856

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

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

	<b>Group and Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	12,594	12,656
Purchase of landed property - residential	6,597	6,100
Wholesale & retail trade and restaurants & hotels	3,515	3,515
Others	1,666	1,666
	<u>24,372</u>	<u>23,937</u>

**17. Other assets**

	<b>Group and Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest / Income Receivable	62,169	41,455
Margin placed with exchange	19,507	20,433
Derivatives	987,521	795,442
Other debtors, deposits and prepayments	278,860	42,021
	<u>1,348,057</u>	<u>899,351</u>

**18. Deposits from customers**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	522,738	629,282	522,758	629,302
Savings deposits	11,738	14,384	11,738	14,384
Fixed deposits	889,307	1,473,991	889,307	1,473,991
Other deposits	1,910,409	1,038,232	1,910,409	1,038,232
Negotiable instrument of deposits	259,200	260,200	259,200	260,200
	<u>3,593,392</u>	<u>3,416,089</u>	<u>3,593,412</u>	<u>3,416,109</u>

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

The deposits are sourced from the following types of customers:

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Business enterprises	1,328,738	1,728,025	1,328,758	1,728,045
Individuals	68,267	65,281	68,267	65,281
Foreign customers	131,990	126,293	131,990	126,293
Others	2,064,397	1,496,490	2,064,397	1,496,490
	<u>3,593,392</u>	<u>3,416,089</u>	<u>3,593,412</u>	<u>3,416,109</u>

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Licensed banks	481,909	200,000
Other financial institutions	1,793,587	1,769,832
	<u>2,275,496</u>	<u>1,969,832</u>

**20. Other liabilities**

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Allowance for commitments and contingencies	1,018	1,018
Interest Payable	13,896	12,934
Bills Payable	86,986	109,727
Derivatives	857,194	685,105
Employee benefits	16,025	26,928
Other liabilities	541,222	212,355
	<u>1,516,341</u>	<u>1,048,067</u>

**20. Other liabilities (continued)**

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

	<b>Group and Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
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**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended 31 March 2007 RM'000</b>		<b>Three months ended 31 March 2007 RM'000</b>	
	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>
Loans and advances				
- Interest income other than recoveries from NPL	7,481	6,969	7,481	6,969
- Recoveries from NPL	124	59	124	59
Money at call and deposit placements with financial institutions	71,130	29,384	71,130	29,384
Securities held for trading	20,346	14,174	20,346	14,174
Others	1	-	1	-
	<u>99,082</u>	<u>50,586</u>	<u>99,082</u>	<u>50,586</u>

**22. Interest expense**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended 31 March 2007 RM'000</b>		<b>Three months ended 31 March 2007 RM'000</b>	
	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>	<b>31 March 2006 RM'000</b>
Deposits and placements of banks and other financial institutions	26,125	10,632	26,125	10,632
Deposits from customers	37,960	22,776	37,960	22,776
Others	899	28	899	28
	<u>64,984</u>	<u>33,436</u>	<u>64,984</u>	<u>33,436</u>

**23. Non-Interest Income**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
Commission	1,111	856	1,111	856
Service charges and fees	2,200	1,574	2,200	1,574
Guarantee fees	322	270	322	270
Other fee income	-	-	-	-
	<u>3,633</u>	<u>2,700</u>	<u>3,633</u>	<u>2,700</u>
Losses arising from sale of securities:-				
Securities held -for- trading	(2,290)	(2,963)	(2,290)	(2,963)
Net gains arising from dealing in foreign exchange	3,664	33,188	3,664	33,188
Net gains/losses arising from trading in derivatives	43,459	(22,266)	43,459	(22,266)
Net unrealised losses/gains on revaluation of trading portfolio (including derivatives)	(23,863)	47,995	(23,863)	47,995
Unrealised gains/losses from foreign exchange	7,644	(24,975)	7,644	(24,975)
Gross dividends from securities held-to-maturity	-	15	-	15
Gain on disposal of property, plant and equipment	-	-	-	-
Other operating income, net	3,778	1,067	3,778	1,067
	<u>32,392</u>	<u>32,061</u>	<u>32,392</u>	<u>32,061</u>
	<u>36,025</u>	<u>34,761</u>	<u>36,025</u>	<u>34,761</u>

**24. Other operating expenses**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel costs				
- Salaries, allowance and bonuses	11,876	9,489	11,876	9,489
- Others	2,184	1,745	2,184	1,745
Establishment costs				
- Rental	573	527	573	527
- Depreciation	628	555	628	555
- Others	946	602	946	602
Marketing expenses	461	390	461	390
Administration and general expenses				
- Inter-company expenses	6,223	7,394	6,223	7,394
- Communication	251	210	251	210
- Others	1,259	1,154	1,259	1,154
	<u>24,401</u>	<u>22,066</u>	<u>24,401</u>	<u>22,066</u>

The number of employees of the Group and the Bank at the end of the period was 130 (March 2006 - 120).

**25. Loan loss and allowance written back**

	<b>Group and Bank</b>			
	<b>1<sup>st</sup> Quarter ended 31 March 2007 RM'000</b>	<b>31 March 2006 RM'000</b>	<b>Three months ended 31 March 2007 RM'000</b>	<b>31 March 2006 RM'000</b>
Allowance for bad and doubtful debts on loans and financing				
Specific allowance				
- Provided in the financial year	-	-	-	-
- Written back	51	1,069	51	1,069
Bad debts on loans and financing				
- Recovered	32	45	32	45
	<u>83</u>	<u>1,114</u>	<u>83</u>	<u>1,114</u>
	<u><u>83</u></u>	<u><u>1,114</u></u>	<u><u>83</u></u>	<u><u>1,114</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:

	<b>Group and Bank</b>					
	<b>31 March 2007</b>			<b>31 December 2006</b>		
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
Direct credit substitutes	4,008	4,008	4,008	4,008	4,008	4,008
Transaction-related contingent items	617,183	308,592	154,361	618,539	309,270	169,337
Short-term self-liquidating trade-related contingencies	44,017	8,803	1,892	15,339	3,068	1,509
Irrecoverable commitments to extend credit:						
- Maturity not exceeding one year	451,404	-	-	356,282	-	-
- Maturity exceeding one year	878	439	439	992	496	496
Foreign exchange related contracts:						
- Less than one year	18,283,027	445,875	121,753	13,016,126	339,390	100,028
- One year to less than 5 years	1,553,377	148,201	41,197	1,131,524	100,941	27,029
- 5 years and above	2,832,489	500,341	186,350	2,575,023	418,808	159,152
Interest rate related contracts:						
- Less than one year	32,084,800	58,715	11,743	38,260,000	69,127	13,826
- One year to less than 5 years	68,001,531	1,298,287	244,705	59,835,714	1,193,965	228,461
- 5 years and above	7,765,340	724,054	148,390	5,809,454	582,733	125,560
	<u>131,638,054</u>	<u>3,497,315</u>	<u>914,838</u>	<u>121,623,001</u>	<u>3,021,806</u>	<u>829,406</u>



**27. Capital adequacy**

	<b>Bank</b>	
	<b>31 March 2007 RM'000</b>	<b>31 December 2006 RM'000</b>
Tier 1 capital		
Paid-up share capital	173,599	173,599
Share premium	357,763	357,763
Statutory reserve	174,722	174,722
Retained profits	78,136	78,136
Less: Deferred tax assets	(17,776)	(17,776)
<b>Total Tier 1 capital</b>	<u>766,444</u>	<u>766,444</u>
Tier 2 capital		
General allowance for bad and doubtful debts	23,946	23,946
<b>Total Capital</b>	<u>790,390</u>	<u>790,390</u>
Less: Investments in subsidiaries	(20)	(20)
<b>Capital base</b>	<u><u>790,370</u></u>	<u><u>790,370</u></u>
Core capital ratio	11.60%	14.56%
Risk-weighted capital ratio	<u>11.97%</u>	<u>15.01%</u>

28. Interest rate risk

Group and Bank 31 March 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					
<b>Assets</b>										
Cash and short term funds	2,926,686	-	1,049	-	-	49,584	-	2,977,319	5.38	
Securities purchased under resale agreement	-	-	-	-	-	-	2,309,329	2,309,329	3.49	
Deposits and placement with banks and other financial institutions	-	345,600	-	-	-	-	-	345,600	5.33	
Securities held for trading	-	-	-	-	-	-	2,986,470	2,986,470	3.93	
Securities available for sale	-	-	-	-	-	3,670	-	3,670	-	
Securities held-to-maturity	-	-	-	-	-	1,591	-	1,591	-	
Loans, advances and financing										
- Performing	293,245	144,003	104,391	25,806	38,649	-	-	606,094	5.39	
- Non-performing*	-	-	-	-	-	(17,379)	-	(17,379)	-	
Other assets	-	-	-	-	-	394,851	987,521	1,382,372	-	
<b>Total assets</b>	<b>3,219,931</b>	<b>489,603</b>	<b>105,440</b>	<b>25,806</b>	<b>38,649</b>	<b>432,317</b>	<b>6,283,320</b>	<b>10,595,066</b>		

## 28. Interest rate risk (continued)

Group and Bank 31 March 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					
<b>Liabilities and shareholders' funds</b>										
Deposits from customers	825,988	356,999	93,464	1,582,053	212,150	522,738	-	3,593,392	4.08	
Deposits and placements of banks and other financial institutions	1,691,311	406,000	-	-	-	178,185	-	2,275,496	4.52	
Obligations on securities sold under repurchase agreements	1,548,162	744,870	-	-	-	-	-	2,293,032	3.36	
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	111,452	587,444	857,194	1,556,090	3.72	
<b>Total liabilities</b>	<b>4,065,461</b>	<b>1,507,869</b>	<b>93,464</b>	<b>1,582,053</b>	<b>323,602</b>	<b>1,288,367</b>	<b>857,194</b>	<b>9,718,010</b>		
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>877,056</b>	<b>-</b>	<b>877,056</b>		
<b>Total liabilities and shareholders' funds</b>	<b>4,065,461</b>	<b>1,507,869</b>	<b>93,464</b>	<b>1,582,053</b>	<b>323,602</b>	<b>2,165,423</b>	<b>857,194</b>	<b>10,595,066</b>		
On-balance sheet interest sensitivity gap	(845,530)	(1,018,266)	11,976	(1,556,247)	(284,953)	(1,733,106)	5,426,126	-		
<b>Total interest sensitivity gap</b>	<b>(845,530)</b>	<b>(1,018,266)</b>	<b>11,976</b>	<b>(1,556,247)</b>	<b>(284,953)</b>	<b>(1,733,106)</b>	<b>5,426,126</b>	<b>-</b>		

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

## 28. Interest rate risk (continued)

Group and Bank 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					
<b>Assets</b>										
Cash and short term funds	4,121,722	-	-	-	-	89,818	-	4,211,540	4.67%	
Securities purchased under resale agreement	-	-	353,000	-	-	-	-	353,000	5.33%	
Deposits and placement with banks and other financial institutions	-	-	-	-	-	-	1,795,778	1,795,778	3.57%	
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	-	
<b>Total assets</b>	<b>4,364,019</b>	<b>140,439</b>	<b>436,782</b>	<b>27,867</b>	<b>39,293</b>	<b>244,602</b>	<b>3,622,958</b>	<b>8,875,960</b>		

## 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			
<b>Liabilities and shareholders' funds</b>									
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	-
<b>Total liabilities</b>	<b>3,845,023</b>	<b>1,038,058</b>	<b>22,215</b>	<b>1,170,750</b>	<b>112,150</b>	<b>1,158,886</b>	<b>685,105</b>	<b>8,032,187</b>	
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>843,773</b>	<b>-</b>	<b>843,773</b>	
<b>Total liabilities and shareholders' funds</b>	<b>3,845,023</b>	<b>1,038,058</b>	<b>22,215</b>	<b>1,170,750</b>	<b>112,150</b>	<b>2,002,659</b>	<b>685,105</b>	<b>8,875,960</b>	
On-balance sheet interest sensitivity gap	518,996	(897,619)	414,567	(1,142,883)	(72,857)	(1,758,057)	2,937,853		
<b>Total interest sensitivity gap</b>	<b>518,996</b>	<b>(897,619)</b>	<b>414,567</b>	<b>(1,142,883)</b>	<b>(72,857)</b>	<b>(1,758,057)</b>	<b>2,937,853</b>		

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