Deutsche Bank (Malaysia) Berhad

(Company No. 312552-W)
(Incorporated in Malaysia)

Basel II Pillar 3 Report
31 December 2010

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Introduction

Bank Negara Malaysia ("BNM") announced a two-phase approach for implementing the standards recommended by the Bank of International Settlement set out in "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II) in Malaysia.

In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the Internal Rating-Based approach (IRB Approach) in January 2010. Banks on the Standardised Approach are not mandated to migrate to the IRB Approach.

Deutsche Bank (Malaysia) Berhad ("The Bank") operates under the BNM's Risk Weighted Capital Adequacy Framework (Basel II – Risk Weighted Assets Computation) "RWCAF". The computation of the risk weighted assets is consistent with Pillar 1 requirements set out by the Basel Committee on Banking Supervision ("BCBS") and the Islamic Financial Services Board (IFSB) in their respective documents – *"International Convergence of Capital Measurement and Capital Standards: A Revised Framework"* issued in June 2006 and the *"Capital Adequacy Standard"* issued in December 2005. BNM had proposed some customisations to the BCBS specification in an effort to avoid under estimation of risk within the industry as well as to ensure suitability of the framework in the local environment.

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

The information provided herein has been reviewed and verified by a competent independent internal party and certified by the Bank's Chief Executive Officer. The information is not audited as there is no requirement for external auditing of these disclosures under the BNM's RWCAF. The Pillar 3 Disclosure will be published in the Bank's website, www.db.com/malaysia

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1 Scope of Application

Deutsche Bank (Malaysia) Berhad and its subsidiaries ("DBMB Group") are incorporated and domiciled in Malaysia. The DBMB Group is principally engaged in all aspect of banking and related financial services which includes Islamic Banking ("IBW") business.

The regulatory principles of consolidation are not identical to those for the DBMB Group's financial statements, which are prepared in accordance with the Financial Reporting Standards ("FRS") as modified by Bank Negara Malaysia's Guidelines, accounting principles generally accepted in Malaysia and the Companies Act, 1965. The subsidiary companies of the Bank, which are incorporated in Malaysia, are consolidated with the financial statements of the Bank, made up to the end of the financial year. The accounting policy for consolidation is provided in Note 2(a) to the Financial Statements.

The treatment of equity investment in the Risk Weighted Capital Adequacy Framework ("RWCAF"), at entity and consolidated level, is as follows:

Type of Investment	Treatment	
	At entity level	At consolidated level
Other Commercial Entities - Subsidiaries	Deduction from capital base	Deduction from capital base

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the parent company, Deutsche Bank (Malaysia) Berhad and its subsidiaries when due.

The subsidiary companies of the Bank are deducted from capital base of DBMB's RWCAF as follows:

Deutsche Bank (Malaysia) Nominee (Tempatan) Sdn Bhd – equity investment of RM10,000-00.
Deutsche Bank (Malaysia) Nominee (Asing) Sdn Bhd – equity investment of RM10,000-00

2 Capital Adequacy

2.1 Deutsche Bank (Malaysia) Berhad's Approach

The Bank manages risk and capital through a framework of principles, organisational structures, as well as measurement and monitoring processes that are closely aligned with the activities of the Bank's divisions.

The Deutsche Bank Group ("DB Group") Treasury function manages the Bank's capital at group level and locally in each region. The allocation of financial resources, in general, and capital, in particular, favors business portfolios with the highest positive impact on the Bank's profitability and shareholder value.

Regional capital plans covering the capital needs of DB Group's branches and subsidiaries are prepared on a semi-annual basis and presented to the DB Group Investment Committee. At a country level, capital is maintained on the basis of the local regulator's requirements. It is overseen by the local Asset and Liability Committee ("ALCO"), which is responsible for managing the country level statement of financial position, capital and liquidity.

2.2 Risk Weighted Assets and Capital Requirements

	2010		2009	
	Risk Weighted Assets	Min Capital Requirement at 8%	Risk Weighted Assets	Min Capital Requirement at 8%
Bank	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Credit Risk	2,975,773	238,062	2,656,637	212,530
Market Risk	4,073,491	325,879	4,696,811	375,745
Operational Risk	537,600	43,008	472,185	37,775
Total	**7,586,864**	**606,949**	**7,825,633**	**626,050**
Islamic Banking Window				
Credit Risk	540	43	-	-
Market Risk	-	-	-	-
Operational Risk	1,388	111	632	51
Total	**1,928**	**154**	**632**	**51**

Table 1 - Risk Weighted Capital Ratio and Tier 1 capital ratio

	2010		2009	
	Risk Weighted Capital Ratio	Tier 1 Capital Ratio	Risk Weighted Capital Ratio	Tier 1 Capital Ratio
Deutsche Bank (Malaysia) Berhad	17.20%	16.89%	15.27%	14.97%
Islamic Banking Window	1354.20%	1354.20%	3995.73%	3995.73%

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Table 2 – Risk Weighted assets and capital requirements for credit risk (2010)

31-Dec-2010

RISK TYPE	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures						
Sovereigns/Central Banks #	2,884,805	111,831	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	428,168	428,168	203,982	-		16,319
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	684,085	684,065	659,528			52,762
Regulatory Retail	589	589	442	-	-	35
Residential Mortgages	28,889	28,889	10,296	-	-	824
Higher Risk Assets	-	-	-	-	-	-
Other Assets	94,094	94,094	92,032	-	-	7,363
Equity Exposure	9,104	9,104	8,006	-	-	640
Defaulted Exposures	8,080	8,080	8,080	-	-	646
Total On-Balance Sheet Exposures	**4,137,814**	**1,364,820**	**982,366**	**-**	**-**	**78,589**
Off-Balance Sheet Exposures						
OTC Derivatives	4,825,907	4,769,753	1,990,120	-	-	159,210
Credit Derivatives	49,336	6,574	3,287	-	-	263
Defaulted Exposures	-	-	-	-	-	
Total for Off-Balance Sheet Exposures	**4,875,243**	**4,776,327**	**1,993,407**	**-**	**-**	**159,473**
Total On and Off- Balance Sheet Exposures	**9,013,057**	**6,141,147**	**2,975,773**	**-**	**-**	**238,062**

Under RWCAF, exposures to the Federal Government of Malaysia, Bank Negara Malaysia, overseas federal governments and central banks of their respective jurisdictions are accorded a preferential sovereign risk weight of 0%.

Table 2.1 - Risk Weighted assets and capital requirements for credit risk (2009)

31-Dec-2009

RISK TYPE	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures						
Sovereigns/Central Banks #	3,201,075	119,164	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	679,453	679,453	284,806	-		22,784
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	706,695	706,695	655,237			52,419
Regulatory Retail	3	3	2	-	-	-
Residential Mortgages	32,271	32,271	11,839	-	-	947
Higher Risk Assets	20	20	30	-	-	2
Other Assets	34,104	34,104	28,872	-	-	2,310
Equity Exposure	7,236	7,236	6,137	-	-	491
Defaulted Exposures	8,753	8,753	10,033	-	-	803
Total On-Balance Sheet Exposures	**4,669,610**	**1,587,699**	**996,956**	**-**	**-**	**79,756**
Off-Balance Sheet Exposures						
OTC Derivatives	4,243,102	3,806,362	1,658,991	-	-	132,719
Credit Derivatives	81,409	1,381	690	-	-	55
Defaulted Exposures	-	-	-	-	-	
Total for Off-Balance Sheet Exposures	**4,324,511**	**3,807,743**	**1,659,681**	**-**	**-**	**132,774**
Total On and Off- Balance Sheet Exposures	**8,994,121**	**5,395,442**	**2,656,637**	**-**	**-**	**212,530**

Under RWCAF, exposures to the Federal Government of Malaysia, Bank Negara Malaysia, overseas federal governments and central banks of their respective jurisdictions are accorded a preferential sovereign risk weight of 0%.

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Table 3 – Risk Weighted assets and capital requirements for market risk (2010)

31-Dec-2010

RISK TYPE	Gross Exposures		Net Exposures	Risk Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
			RM'000	RM'000	RM'000	RM'000	RM'000
Market Risk	**Long Position**	**Short Position**					
Interest Rate Risk	132,059,895	125,846,824	-	3,218,134			257,451
Foreign Currency Risk	392,470	105,584	-	392,470			31,397
Options	650,434	-	-	462,887			37,031
	133,102,799	125,952,408	-	4,073,491			325,879

Table 3.1 - Risk Weighted assets and capital requirements for market risk (2009)

31-Dec-2009

RISK TYPE	Gross Exposures		Net Exposures	Risk Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
Market Risk	**Long Position**	**Short Position**					
Interest Rate Risk	131,854,598	125,020,930	-	3,118,617			249,489
Foreign Currency Risk	71,480	727,844	-	727,844			58,228
Options	81,978	-	-	850,350			68,028
	132,008,056	125,748,774	-	4,696,811			375,745

Table 4 – Risk Weighted assets and capital requirements for operational risk (2010)

31-Dec-2010

RISK TYPE	Gross Exposures		Net Exposures	Risk Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
			RM'000	RM'000	RM'000	RM'000	RM'000
Operational Risk				537,600			43,008

Table 4.1 - – Risk Weighted assets and capital requirements for operational risk (2009)

31-Dec-2009

RISK TYPE	Gross Exposures		Net Exposures	Risk Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
			RM'000	RM'000	RM'000	RM'000	RM'000
Operational Risk				472,185			37,775

Table 5 – Risk Weighted assets and capital requirements arising from Large Exposure Risk

2010 & 2009

RISK TYPE	Gross Exposures		Net Exposures	Risk Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
			RM'000	RM'000	RM'000	RM'000	RM'000
Large Exposures Risk Requirements	-	-	-			-	-

The Bank does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in BNM's RWCAF.

2.3 Capital Structure

2.3.1 Main features of capital instruments

The bank's total regulatory capital is made up of Tier 1 and Tier 2 capital and the sum of Tier 1 and Tier 2 capital is also referred to as Total Capital.

Tier 1 capital consists primarily of ordinary paid-up share capital, share premium, statutory reserve fund and retained profits less deferred tax assets.

Share capital is the issued and fully paid share capital and there is no obligation to pay dividend to the shareholders. No dividend is proposed for the financial year ended 31 December 2010.

Tier 2 capital consists of collective impairment allowance.

For the purpose of calculating the capital base, the investments in unconsolidated subsidiaries are deducted from total capital. Deferred tax assets are excluded from the computation of the Bank's capital base.

2.3.2 Components of capital

Table 6 – Components of Tier 1 and Tier 2 capital on consolidated basis:

	Group and Bank	
	31-Dec-10 RM'000	**31-Dec-09 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	630,790	480,603
Less: Deferred tax assets	(55,555)	(15,284)
Total Tier 1 Capital	1,281,319	1,171,403
Tier 2 Capital		
Collective Impairment Allowance/General Allowance for bad and doubtful debts	23,946	23,946
Total Capital	1,305,265	1,195,349
Less: Investments in subsidiary companies	(20)	(20)
Capital Base	1,305,245	1,195,329
Tier 1 Capital Ratio	16.89%	14.97%
Risk-Weighted Capital Ratio	17.20%	15.27%

3 Risk Management

3.1 Risk and Capital Management

DB Group has extensive risk management procedures and policies in place. The wide variety of the DB Group's businesses requires it to identify, measure, aggregate and manage its risks effectively through a framework of principles, organisational structures, as well as measurement and monitoring processes that are closely aligned with the activities of the DB Group's divisions. The importance of a strong focus on risk management and the continuous need to refine risk management practice has become particularly evident during the financial market crisis.

At the local level, the Board Risk Management Committee (BRMC) of the Bank regularly reviews reports from the respective regional divisions and is made aware of the risk exposure of the Bank and its ongoing management at each meeting. Details of the BRMC members and its terms of reference are found in Note 2(c) of Directors' Report to the financial statements. These risks areas are actively managed by dedicated divisions such as the DB Group Market Risk Management Division, DB Group Credit Risk/Operational Risk Division and the DB Group Treasury Division respectively.

Risk and Capital Management Principles

The following key principles underpin the DB Group's approach to risk and capital management:

- The DB Group's Management Board provides overall risk and capital management supervision for its consolidated DB Group. The DB Group's Supervisory Board regularly monitors its risk and capital profile.
- The DB Group manages credit, market, operational, liquidity, business, legal and reputational risks as well as its capital in a coordinated manner at all relevant levels within the DB Group's organisation. This also holds true for complex products which the DB Group typically manages within its framework established for trading exposures.
- The structure of the DB Group's integrated legal, risk & capital function is closely aligned with the structure of its DB Group divisions.
- The legal, risk & capital function is independent of the DB Group's divisions.

Risk and Capital Management Organisation

The DB Group's Chief Risk Officer, who is a member of the DB Group Management Board, is responsible for the group-wide credit, market, operational, liquidity, business, legal and reputational risk management as well as capital management activities and heads the DB Group's integrated legal, risk and capital function.

Two functional committees, which are both chaired by the DB Group's Chief Risk Officer, are central to the legal, risk and capital function:

- The DB Group's Risk Executive Committee is responsible for management and control of the aforementioned risks across the consolidation DB Group. To fulfill this mandate, the Risk Executive Committee is supported by sub-committees that are responsible for dedicated areas of risk management, including several policy committees and the DB Group Reputational Risk Committee.
- The responsibilities of the DB Group Capital and Risk Committee include risk profile and capital planning, capital capacity monitoring and optimisation of funding.

Dedicated legal, risk & capital units are established with the mandate to:

- Ensure that the business conducted within each division is consistent with the risk appetite that the Capital and Risk Committee has set within a framework established by the Management Board;
- Formulate and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division;
- Approve credit, market and liquidity risk limits;
- Conduct periodic portfolio reviews to ensure that the portfolio of risks is within acceptable parameters; and
- Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

Risk and Capital Management Organisation (Cont'd)

The heads of the DB Group's legal, risk & capital units, which are amongst the members of the DB Group's Risk Executive Committee, are responsible for the performance of the units and report directly to the DB Group's Chief Risk Officer.

The DB Group's finance and audit departments support the legal, risk & capital function. They operate independently of both the group divisions and of the legal, risk & capital function. The role of the finance department is to help quantify and verify the risk that the DB Group assumes and ensure the quality and integrity of risk-related data. The DB Group's audit department performs risk-oriented reviews of the design and operating effectiveness of its internal control procedures.

3.2 Risk and Capital Strategy

The legal, risk and capital function annually develops its risk and capital strategy in an integrated process together with the group divisions, ensuring group-wide alignment of risk and performance targets. The strategy is ultimately presented to, and approved by, the Management Board. Subsequently, this plan is also presented to, and discussed with, the DB Group Risk Committee of the DB Group Supervisory Board.

Amendments to the risk and capital strategy must be approved by the DB Group Chief Risk Officer or the full DB Group Management Board, depending on significance.

3.3 Risk Management Tools

The DB Group uses a comprehensive range of quantitative tools and metrics for monitoring and managing risks. As a matter of policy, the DB Group continually assesses the appropriateness and the reliability of its quantitative tools and metrics in light of the DB Group's changing risk environment. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. The following are the most important quantitative tools and metrics the DB Group currently uses to measure, manage and report risk:

3.3.1 Economic capital

Economic capital measures the amount of capital DB Group needs to absorb very severe unexpected losses arising from the DB Group's exposures. "Very severe" in this context means that economic capital is set at a level to cover with a probability of 99.98 % the aggregated unexpected losses within one year. DB Group calculates economic capital for the default risk, transfer risk and settlement risk elements of credit risk, for market risk, for operational risk and for general business risk. DB Group continuously reviews and enhances its economic capital model as appropriate. Notably during the course of 2009, the economic capital stress tests for market risk were recalibrated to reflect the extreme market moves observed in the later part of 2008. This included extension of the assumed holding periods on credit positions, and significant increases to the shocks applied to equity indices and credit spreads, especially for securitised products. In addition to the recalibration, there were improvements to the economic capital model. These included the addition of stress tests for leveraged exchange traded funds and for gap risk in non-recourse finance in emerging markets. Within the economic capital framework DB Group captures the effects of rating migration as well as profits and losses due to fair value accounting. DB Group uses economic capital to show an aggregated view of its risk position from individual business lines up to consolidated Group level. DB Group also uses economic capital (as well as goodwill and unamortised other intangible assets) in order to allocate book capital among the businesses. This enables DB Group to assess each business unit's risk-adjusted profitability, which is a key metric in managing financial resources. In addition, DB Group considers economic capital, in particular for credit risk, when DB Group measures the risk-adjusted profitability of its client relationships.

3.3.2 Expected Loss

The DB Group uses expected loss as a measure of the credit and operational risk. Expected loss is a measurement of the loss the DB Group can expect within a one-year period from these risks as of the respective reporting date, based on historical loss experience. When calculating expected loss for credit risk, the DB Group takes into account credit risk ratings, collateral, maturities and statistical averaging procedures to reflect the risk characteristics of different types of exposures and facilities. All parameter assumptions are based on statistical averages of up to seven years based on the DB Group's internal default and loss history as well as external benchmarks. The DB Group uses expected loss as a tool of the risk management process and as part of the DB Group's management reporting systems. The DB Group also considers the applicable results of the expected loss calculations as a component of its collectively assessed allowance for credit losses included in its financial statements. For operational risk the DB Group determines the expected loss from statistical averages of internal loss history, recent risk trends as well as forward looking expert estimates.

3.3.3 Value at Risk

The DB Group uses the value-at-risk approach to derive quantitative measures for trading book market risks under normal market conditions. For a given portfolio, value-at-risk measures the potential future loss (in terms of market value) that, under normal market conditions, will not be exceeded with a defined confidence level in a defined period. The value-at-risk for a total portfolio represents a measure of diversified market risk (aggregated using pre-determined correlations) in that portfolio.

3.3.4 Stress Testing

The DB Group supplements the analysis of credit, market, operational and liquidity risk with stress testing. For credit risk management purposes, the DB Group performs stress tests to assess the impact of changes in general economic conditions or specific parameters on credit exposures or parts thereof as well as the impact on the creditworthiness of the DB Group's portfolio. For market risk management purposes, the DB Group performs stress tests because value-at-risk calculations are based on relatively recent historical data, only purport to estimate risk up to a defined confidence level and assume good asset liquidity. Therefore, they only reflect possible losses under relatively normal market conditions. Stress tests help the DB Group to determine the effects of potentially extreme market developments on the value of market risk sensitive exposures, both on highlight liquid and less liquid trading positions as well as investments.

For liquidity risk management purposes, the DB Group performs stress tests and scenario analysis to evaluate the impact of sudden stress events on the DB Group's liquidity position.

3.4 Risk Reporting and Measurement Systems

The DB Group has centralised risk data warehouses and systems supporting regulatory reporting and external disclosures, as well as internal management reporting for credit, market, operational and liquidity risk. The DB Group's risk infrastructure incorporates the relevant legal entities and business divisions and provides the basis for tailor-made reporting on risk positions, capital adequacy and limit utilisation to the relevant functions on a regular and ad-hoc basis. Established units within Finance and Legal, Risk and Capital assume responsibility for measurement, analysis and reporting of risk while ensuring sufficient quality and integrity of risk related data.

3.5 Capital Management

The DB Group's Treasury function manages the DB Group's capital at group level and locally in each region. The allocation of financial resources, in general, and capital, in particular, favors business portfolios with the highest positive impact on the DB Group's profitability and shareholder value.

Treasury implements the DB Group's capital strategy, which itself is developed by the DB Group Capital and Risk Committee and approved by the DB Group Management Board. Overall capital demand and supply are constantly monitored and adjusted, if necessary, to meet the need for capital from various perspectives.

The allocation of capital, determination of the DB Group's funding plan and other resource issues are presented to and approved by the DB Group Capital and Risk Committee.

Regional capital plans covering the capital needs of the DB Group's branches and subsidiaries are prepared on a semi-annual basis and presented to the DB Group Investment Committee. Local Asset and Liability Committees attend to the needs of legal and regulatory capital requirements under the stewardship of regional Treasury teams. Furthermore, they safeguard compliance with requirements such as restrictions on dividends allocable for remittance to Deutsche Bank AG. In developing, implementing and testing the DB Group's capital and liquidity, the DB Group takes such legal and regulatory requirements into account.

4 Credit Risk

Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The DB Group distinguishes between three kinds of credit risk:

- Default risk is the risk that counterparties fail to meet contractual payment obligations
- Country risk is the risk that the DB Group may suffer a loss, in any given country, due to any of the following reasons: a possible deterioration of economic conditions, political and social upheaval, nationalisation and expropriation of assets, government repudiation of indebtedness, exchange controls and disruptive currency depreciation or devaluation. Country risk includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to no residents due to direct sovereign intervention.
- Settlement risk is the risk that the settlement or clearance of transactions will fail. It arises whenever the exchange of cash, securities and/or other assets is not simultaneous.

4.1 Credit Risk Management Principles and Strategy

The DB Group manages credit risk in a coordinated manner at all relevant levels with the organisation. The following principles underpin the DB Group's approach to credit risk management:

- In all group divisions consistent standards are applied in the respective credit decision processes.
- The approval of credit limits for counterparties and the management of the DB Group's individual credit exposures must fit within the DB Group's portfolio guidelines and credit strategies.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level.
- The DB Group assigns credit approval authorities to individuals according to their qualifications, experience and training, and the DB Group reviews these periodically.
- The DB Group measures and consolidates all credit exposures to each obligor on a global consolidated basis that applies across the consolidated DB Group.

4.2 Past Due Loans

The Bank considers loans to be past due once contractually agreed payments on principal and/or interest remain unpaid by the borrower. Generally the Bank distinguishes between loans that are less than 90 days past due and loans being more than 90 days past due.

4.3 Impairment of Loans and Allowance for Loan Losses

Loans, advances and financing of the Bank are classified as impaired when they fulfill either of the following criteria:

- principal or interest or both are past due for three (3) months or more;
- where a loan is in arrears for less than three (3) months, the loan exhibits indications of credit weaknesses; or
- where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

At each statement of financial position date, the Bank assesses whether there is objective evidence that a loan is impaired. A loan is impaired and impairment losses are incurred if:

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognitions of the loan and up to the balance sheet date,
- the loss event had an impact on the estimated future cash flows of the loan, and
- a reliable estimate of the loss amount can be made

To allow management to determine whether a loss event has occurred on an individual basis, all significant counterparty relationships are reviewed periodically. This evaluation considers current information and events related to the counterparty, such as the counterparty experiencing significant financial difficulty or a breach of contract, for example, default or delinquency in interest or principal payments.

If there is evidence of impairment leading to an impairment loss for an individual counterparty relationship, then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the present value of expected future cash flows discounted at the loan's original effective interest rate of the effective interest rate established upon reclassification to loans, including cash flows that may result from foreclosure less costs for obtaining and selling the collateral. The carrying amount of the loans is reduced by the use of an allowance account and the amount of the loss is recognised in the income statement as a component of the provision for credit losses.

The collective assessment of impairment is principally to establish an allowance amount relating to loans that are either individually significant but for which there is no objective evidence of impairment, or are not individually significant but for which there is, on a portfolio basis, a loss amount that is probable of having occurred and is reasonably estimable. The transitional provision in accordance with BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing is applied to the Bank's financials for the year ended 31 December 2010.

4.4 Geographic distribution of credit exposures, broken down in significant areas by major types of gross credit exposures

Table 7

Credit Exposure	Geography							31-Dec-10
Category	America	Europe	India	Japan	Malaysia	Singapore	Others	Total RM'000
Sovereigns/Central Banks					2,914,092			2,914,092
Banks, DFIs & MDBs	59,647	503,248	28,868	35,222	3,556,564	416,916	55,243	4,655,708
Public Sector Entities					30,400			30,400
Insurance Companies, Securities Firms and Fund Managers					500			500
Corporates		7			1,271,536	58		1,271,601
Regulatory Retails					589			589
Residential Mortgages					28,889			28,889
Other Asset					94,094			94,094
Equity Exposure					9,104			9,104
Defaulted Exposures					8,080			8,080
Grand Total	59,647	503,255	28,868	35,222	7,913,848	416,974	55,243	9,013,057

Table 7.1

Credit Exposure	Geography							31-Dec-09
Category	America	Europe	India	Japan	Malaysia	Singapore	Others	Grand Total
Sovereigns/Central Banks					3,201,075			3,201,075
Public Sector Entities					44,753			44,753
Banks, DFIs & MDBs	198,500	327,547	1,777	79,192	3,348,217	267,533	65,229	4,287,995
Insurance Cos, Securities Firms and Fund Managers					5,315			5,315
Corporates					1,363,384	9,212		1,372,596
Regulatory Retail					3			3
Residential Mortgages					32,271			32,271
Other Asset					34,124			34,124
Equity Exposure					7,236			7,236
Defaulted Exposure					8,753			8,753
Grand Total	198,500	327,547	1,777	79,192	8,045,131	276,745	65,229	8,994,121

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4.5 Distribution of exposures by sector or economic purpose, broken down by major types of gross credit exposures

Table 8

Credit Exposure	Sector											31-Dec-10
Category	Construction	Education, Health & Others	Electricity, Gas & Water Supply	Finance, Insurance, Real Estate & Business Activities	Household	Manufacturing	Mining & Quarrying	Others	Primary Agriculture	Transport, Storage & Communication	Wholesale & Retail Trade & Restaurants & Hotels	Total RM'000
Sovereigns/Central Banks				2,914,092								2,914,092
Public Sector Entities				30,400								30,400
Banks, DFIs & MDBs				4,655,708								4,655,708
Insurance Companies, Securities Firms and Fund Managers				500								500
Corporates	40,571	7,887	7,102	113,560		596,978	42,959	666	4,307	287,377	170,194	1,271,601
Regulatory Retail					589							589
Residential Mortgages					28,889							28,889
Other Assets				94,094								94,094
Equity Exposure				9,104								9,104
Defaulted Exposures					5,716	2,364						8,080
Grand Total	40,571	7,887	7,102	7,817,458	35,194	599,342	42,959	666	4,307	287,377	170,194	9,013,057

Table 8.1

Credit Exposure	Sector										31-Dec-09
Category	Construction	Education, Health & Others	Electricity, Gas & Water Supply	Finance, Insurance, Real Estate & Business Activities	Household	Manufacturing	Mining & Quarrying	Others	Transport, Storage & Communication	Wholesale & Retail Trade & Restaurants & Hotels	Total RM'000
Sovereigns/Central Banks				3,201,075							3,201,075
Public Sector Entities				44,753							44,753
Banks, DFIs & MDBs				4,287,222		773					4,287,995
Insurance Cos, Securities Firms & Fund Managers				4,919		396					5,315
Corporates	94,436	1,434	51	92,178		530,920	1,312	74,146	414,947	163,172	1,372,596
Regulatory Retail					3						3
Residential Mortgages					32,271						32,271
Other Asset				34,124							34,124
Equity Exposure				1,631		5,605					7,236
Defaulted Exposures					6,236	2,517					8,753
Grand Total	94,436	1,434	51	7,665,902	38,510	540,211	1,312	74,146	414,947	163,172	8,994,121

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4.6 Residual contractual maturity breakdown by major types of gross credit exposures

Table 9

Credit Exposure	Maturity			31-Dec-10
Category	Upto 1year	1-5 year	> 5 years	Total RM'000
Sovereigns/Central Banks	2,914,092			2,914,092
Public Sector Entities		30,400		30,400
Banks, DFIs & MDBs	887,334	1,979,059	1,789,315	4,655,708
Insurance Cos, Securities Firms & Fund Managers	500			500
Corporates	1,022,840	69,403	179,358	1,271,601
Regulatory Retail	22	266	301	589
Residential Mortgages		1,579	27,310	28,889
Other Assets	94,094			94,094
Equity Exposure	9,104			9,104
Defaulted Exposures	2,435	320	5,325	8,080
Grand Total	4,930,421	2,081,027	2,001,609	9,013,057

Table 9.1

Credit Exposure	Maturity			31-Dec-09
Category	Upto 1 year	1-5 year	> 5 years	Total RM'000
Sovereigns/Central Banks	3,201,075			3,201,075
Public Sector Entities		26,353	18,400	44,753
Banks, DFIs & MDBs	1,107,451	1,984,708	1,195,836	4,287,995
Insurance Cos, Securities Firms & Fund Managers	5,315			5,315
Corporates	986,006	126,510	260,080	1,372,596
Regulatory Retail	3			3
Residential Mortgages	32	1,807	30,432	32,271
Other Asset	34,124			34,124
Equity Exposure	7,236			7,236
Defaulted Exposures	2,578	290	5,885	8,753
Grand Total	5,343,820	2,139,668	1,510,633	8,994,121

4.7 Impaired loans and impairment provisions by sector

Table 10: Impaired loans, advances and financing analysed by economic purpose which are wholly incurred in Malaysia are as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Manufacturing	5,140	2,516
Purchase of landed properties - residential	6,318	6,252
Others	41	31
	11,499	8,799

4.8 Reconciliation of loan impairment provisions

Table 11: Movements in impaired loans, advances and financing which are all wholly incurred in Malaysia:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Balance at 1 January		
- as previously stated	8,799	8,511
- effect of adopting FRS 139	5,754	-
Classified as impaired during the year	2,998	4,934
Reclassified as non-impaired during the year	(2,458)	(2,470)
Amount recovered	(2,458)	(2,108)
Amount written off	(1,136)	(68)
At end of year	11,499	8,799
Gross impaired loans as a percentage of gross loans, advances and financing	1.48%	1.08%

Table 11.1: Movements in collective assessment allowance for impaired loans, advances and financing which are all wholly incurred in Malaysia:

	Group and Bank	
	2010	**2009**
	RM'000	**RM'000**
Collective Assessment Allowance		
At 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	23,946	-
At 1 January, as restated	23,946	-
Allowance made during year	-	-
Amount written off	-	-
At 31 December 2010	23,946	-

Table 11.2: Movements in individual assessment allowance for impaired loans, advances and financing which are all wholly incurred in Malaysia:

	Group and Bank		
	2010	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**
Individual Assessment Allowance	Household	Manufacturing	
At 1 January			
- as previously stated	-	-	-
- effect of adopting FRS 139	1,262	5,265	-
At 1 January, as restated	1,262	5,265	-
Allowance made during year:	96	970	-
Amount written off	-	(1,136)	-
Amount recovered	-	(3,038)	-
At 31 December 2010	1,358	2,061	-
Direct impact to Income Statement:			
Impairment writen off	-	-	-
Impairment recovered	-	(3,038)	-
	-	(3,038)	-

4.9 Standardised Approach to Credit Risk

Under the standardised approach for credit risk, the determination of capital requirements is based on an approach that links predefined risk weights by BNM to predefined asset class to which the credit exposure is assigned across sovereigns, central banks, public sector entities, banks, corporates, residential mortgages, regulatory retail portfolios, non-performing loans, high risk exposures and other assets. These credit exposures are risk-weighted based on recognised external credit ratings.

For Sovereigns, Corporates and Banking Institutions, external ratings are used to assign risk weights. These external ratings must come from BNM approved rating agencies, known as External Credit Assessment Institutions ("ECAI"); namely
(a) Standard & Poor's ("S&P")
(b) Moody's Investors Services ("Moody's")
(c) Rating Agency Malaysia Berhad ("RAM")
(d) Malaysian Rating Corporation Berhad ("MARC")

The Bank uses ratings from these agencies as part of its day to day business. External ratings for the counterparty are determined as soon as a relationship is established and these ratings are tracked and kept updated. Assessments provided by approved ECAI are mapped to credit quality steps as prescribed by BNM. Where a counterparty or exposure is rated by more than one ECAI, the second highest rating is used to determine the risk weight.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each exposure must be assigned to one of the five credit quality rating categories defined in the table below. For counterparty exposure class of Banking Institutions, those with original maturity of below three months and denominated in RM are all risk-weighted at 20% regardless of credit rating.

Sovereigns and Central Banks

Rating Category	Standard & Poor's Rating Services (S&P)	Moody's Investors Service (Moody's)	Risk weight
1	AAA to AA-	Aaa toAa3	0%
2	A+ to A-	A1 to A3	20%
3	BBB+ to BBB-	Baa1 to Baa3	50%
4	BB+ to B-	Ba1 to B3	100%
5	CCC+ to D	Caa1 to C	150%
Unrated			100%

Banking Institutions

Rating Category	S&P	Moody's	RAM Rating Services Berhad (RAM)	Malaysian Rating Corporation Berhad (MARC)	Risk weight	Risk weight (original maturity of 6 months or less)	Risk weight (original maturity of 3 months or less)
1	AAA to AA-	Aaa to Aa3	AAA to AA3	AAA to AA-	20%	20%	
2	A+ to A-	A1 to A3	A1 to A3	A+ to A-	50%	20%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB1 to BBB3	BBB+ to BBB-	50%	20%	
4	BB+ to B-	Ba1 to B3	BB1 to B3	BB+ to B-	100%	50%	
5	CCC+ to D	Caa1 to C	C1 to D	C+ to D	150%	150%	
Unrated					50%	20%	

Corporates

Rating Category	S&P	Moody's	RAM	MARC	Risk weight
1	AAA to AA-	Aaa to Aa3	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B1 to D	B+ to D	150%
Unrated					100%

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Table 12: Rated and Unrated Counterparties (2010)

CREDIT EXPOSURE (31-Dec-2010)	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys S&P	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BBB-	B1 to B3 BB+ to B-	Caa1 to C CCC+ to D	Unrated Unrated
On and Off Balance-Sheet Exposures							
Sovereigns/Central Banks			2,914,092				
Total	2,914,092	-	2,914,092	-	-	-	-

CREDIT EXPOSURE (31-Dec-2010)	Ratings of Banking Institutions by Approved ECAIs						
	Moodys S&P RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB-	B1 to B3 BB+ to B- BB1 to B3 BB+ to B-	Caa1 to C CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Exposures							
Banks, Development Financial Institutions & MDBs		2,280,604	2,115,478	140,693		-	118,933
Total	4,655,708	2,280,604	2,115,478	140,693	-	-	118,933

CREDIT EXPOSURE (31-Dec-2010)	Ratings Corporate by Approved ECAIs					
	Moodys S&P RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Exposures **Credit Exposures (using Corporate Risk Weights)**						
Public Sector Entities						30,400
Insurance Cos, Securities Firms & Fund Managers						500
Corporates		23,562	76,167	9,019		1,162,853
Regulatory Retail						589
Residential Mortgages						28,889
Other Assets			2,604			91,490
Equity Exposure		1,348				7,756
Defaulted Exposure						8,080
Total	1,443,257	24,910	78,771	9,019	-	1,330,557

Table 12.1: Rated and Unrated Counterparties (2009)

CREDIT EXPOSURE (31-Dec-2009)	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys S&P	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BBB-	B1 to B3 BB+ to B-	Caa1 to C CCC+ to D	Unrated Unrated
On and Off Balance-Sheet Exposures							
Sovereigns/Central Banks			3,201,075				
Total	3,201,075	-	3,201,075	-	-	-	-

CREDIT EXPOSURE (31-Dec-2009)	Ratings of Banking Institutions by Approved ECAIs						
	Moodys S&P RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB-	B1 to B3 BB+ to B- BB1 to B3 BB+ to B-	Caa1 to C CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Exposures							
Banks, Development Financial Institutions & MDBs		2,328,923	1,770,530	134,435	-	-	54,107
Total	4,287,995	2,328,923	1,770,530	134,435	-	-	54,107

CREDIT EXPOSURE (31-Dec-2009)	Ratings Corporate by Approved ECAIs					
	Moodys S&P RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB1 to BB3 BBB+ to BB-	B1 to C B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities						44,753
Insurance Cos, Securities Firms & Fund Managers						5,315
Corporates		45,861	106,783	4,233		1,215,719
Regulatory Retail						3
Residential Mortgages						32,271
Other Assets						34,125
Equity Exposure		1,348				5,888
Defaulted Exposure						8,753
Total	1,505,052	47,209	106,783	4,233	-	1,346,827

The Bank has opted for the comprehensive approach for CRM which takes into account the scaling factor when applying the standard haircut.

The following table shows the DBMB Group's exposure values in the standardised approach by risk weight. The information is shown before and after credit risk mitigation obtained in the form of eligible financial collateral, guarantees and credit derivatives.

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Table 13 – Risk Weights under the Standardised Approach (2010)

31-Dec-2010

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	Specialised Financing / Investment	Securitisation	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	RM'000	RM'000
0%	141,118	-	-	-	-	-	-	-	2,062	-	-	20	143,200	-
20%	-	-	2,227,906	-	27,117	-	-	-	-	-	-	1,348	2,256,371	451,274
35%	-	-	-	-	-	-	27,658	-	-	-	-	-	27,658	9,680
50%	-	-	2,320,444	-	76,229	-	1,231	-	-	-	-	-	2,397,904	1,198,952
75%	-	-	-	-	-	589	-	-	-	-	-	-	589	442
100%	-	30,400	8,442	500	1,170,599	-	5,716	-	92,032	-	-	7,736	1,315,425	1,315,425
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	141,118	30,400	4,556,792	500	1,273,945	589	34,605	-	94,094	-	-	9,104	6,141,147	2,975,773
Risk-Weighted Assets by Exposures	-	30,400	1,614,245	500	1,214,137	442	16,011	-	92,032	-	-	8,006	2,975,773	
Average Risk Weight	-	100.0%	35.4%	100.0%	95.3%	75.0%	46.3%	0.0%	97.8%	0.0%	0.0%	87.9%	48.5%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

Table 13.1 – Risk Weights under the Standardised Approach (2009)

31-Dec-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	Specialised Financing/Investment	Securitisation	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	RM'000	RM'000
0%	119,164	-	-	-	-	-	-	-	2,565	-	-	20	121,749	-
20%	-	-	1,929,766	-	103,915	-	-	-	3,334	-	-	1,348	2,038,363	407,673
35%	-	-	-	-	-	-	29,597	-	-	-	-	-	29,597	10,359
50%	-	-	1,841,442	-	93,005	-	2,101	-	-	-	-	-	1,936,548	968,274
75%	-	-	-	-	-	3	573	-	-	-	-	-	576	432
100%	-	44,753	674	5,315	1,175,021	-	6,194	-	28,205	-	-	5,868	1,266,030	1,266,030
150%	-	-	-	-	2,517	-	42	20	-	-		-	2,579	3,869
Total Exposures	119,164	44,753	3,771,882	5,315	1,374,458	3	38,507	20	34,104	-	-	7,236	5,395,442	2,656,637
Risk-Weighted Assets by Exposures	-	44,753	1,307,348	5,315	1,246,083	2	18,096	30	28,872	-	-	6,137	2,656,636	
Average Risk Weight	-	100.0%	34.7%	100.0%	90.7%	66.7%	47.0%	150.0%	84.7%	0.0%	0.0%	84.8%	49.2%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

4.10 Credit Risk Mitigation under Standardised Approach

Various risk mitigation techniques are proactively employed in order to reduce the risk in the Bank's credit portfolio. Risk mitigants are predominantly considered in three broad categories:

- Risk transfers, which shift the probability of default risk of an obligor to a third party,
- Collateral, which improves the recovery of obligations and
- Netting, which reduces the credit risk exposure from derivatives and repo- and repo-style transactions.

Risk transfers to third parties form a key part of the Bank's overall risk management process and are executed in various forms, including outright sales, single name and portfolio hedging.

Collateral is used in various forms in order to mitigate the inherent risk in Deutsche Bank's credit portfolio by reducing the loss severity of individual transactions.

For credit risk mitigation (CRM) purposes, the Bank adopts the comprehensive approach for collateralised transactions which allows greater offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The collateral value is subject to standard supervisory haircuts and collateral haircuts.

To mitigate credit risk from derivatives, the Bank makes frequent use of margining arrangements. In these cases, counterparties post collateral periodically (usually daily) in the form of cash or liquid securities to cover outstanding trading positions. The Bank also engages in reciprocal margining agreements with counterparties under ISDA agreements where the Credit Support Annex ("CSA") can contain provisions whereby margining thresholds will vary in relation to the credit ratings of the respective parties.

For capital adequacy purposes, eligible cash collateral is deducted from the gross credit exposure and this net balance used as the basis of calculating the capital requirement. For non-cash collateral, a regulatory haircut is applied to both the gross credit exposure and the value of the collateral, and these adjusted amounts are used as the basis of calculating the capital requirement.

Table 14 shows gross credit exposures by Basel II portfolio (Corporate, Sovereign and Bank) under the Standardised approach and the amount of risk exposure which is mitigated by BNM's defined eligible collateral, guarantees or credit derivatives.

Concentrations within Credit Risk Mitigation

Concentrations within credit risk mitigations taken may occur if a number of guarantors and credit derivative providers with similar economic characteristics are engaged in comparable activities with changes in economic or industry conditions affecting their ability to meet contractual obligations.

The Bank uses a comprehensive range of quantitative tools and metrics to monitor its credit risk mitigating activities. Limits are established across all product categories including guarantees and credit derivative exposures used as risk mitigation. Limits exist at an individual guarantor or credit derivative provider level as part of the general credit risk management process and are also monitored on a portfolio basis with regard to industries, countries and other factors.

Guarantees and credit derivative contracts are primarily entered into with banks and insurance companies. The majority of these exposures carry a rating within the investment grade band.

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Table 14 Credit Risk Mitigation (2010)

31-Dec-2010

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures				
Sovereigns/Central Banks	2,884,805	111,831	2,772,974	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	428,168	428,168	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	684,085	684,065	-	-
Regulatory Retail	589	589	-	-
Residential Mortgages	28,889	28,889	-	-
Higher Risk Assets	-	-	-	-
Other Assets	94,094	94,094	-	-
Equity Exposure	9,104	9,104	-	-
Defaulted Exposures	8,080	8,080	-	-
Total On-Balance Sheet Exposures	**4,137,814**	**1,364,820**	**2,772,974**	**-**
Off-Balance Sheet Exposures				
OTC Derivatives	4,825,907	4,769,753	98,936	447,875
Credit Derivatives	49,336	6,574	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**4,875,243**	**4,776,327**	**98,936**	**447,875**
Total On and Off- Balance Sheet Exposures	**9,013,057**	**6,141,147**	**2,871,910**	**447,875**

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Table 14.1 Credit Risk Mitigation (2009)

31-Dec-2009

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,201,075	119,164	3,081,911	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	679,453	679,453	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	706,695	706,695	-	-
Regulatory Retail	3	3	-	-
Residential Mortgages	32,271	32,271	-	-
Higher Risk Assets	20	20	-	-
Other Assets	34,104	34,104	-	-
Equity Exposure	7,236	7,236	-	-
Defaulted Exposures	8,753	8,753	-	-
Total On-Balance Sheet Exposures	**4,669,610**	**1,587,699**	**3,081,911**	**-**
Off-Balance Sheet Exposures				
OTC Derivatives	4,243,102	3,806,362	516,769	444,877
Credit Derivatives	81,409	1,381	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**4,324,511**	**3,807,743**	**516,769**	**444,877**
Total On and Off- Balance Sheet Exposures	**8,994,121**	**5,395,442**	**3,598,680**	**444,877**

4.11 Off Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Credit Exposure
The Bank defines its credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations. The Bank calculates the gross amount of the exposure without taking into account any collateral, other credit enhancement or credit risk mitigating transactions. In Table 15 below, the Bank shows details about several of its main credit exposure categories, namely loans, irrevocable lending commitments, contingent liabilities, over-the-counter ("OTC") derivatives, tradable assets and repo style transactions following the FRS-principles for consolidation.

Credit Exposure from Derivatives
Exchange-traded derivative transactions (e.g., futures and options) are regularly settled through a central counterparty, the rules and regulations of which provide for daily margining of all current and future credit risk positions emerging out of such transactions.

The credit risk arising from all financial derivatives is managed as part of the overall lending limits to banks and customers. Also, the Bank enters into collateral support annexes ("CSA") to master agreements in order to further reduce the Bank's derivatives-related credit risk. These CSA generally provide risk mitigation through periodic (usually daily) margining of the covered exposure. The CSA also provides for the right to terminate the related derivative transactions upon the counterparty's failure to honor a margin call. As with netting, when the Bank believes the CSA is enforceable, the Bank reflects this in its exposure measurement.

Exposure value calculation
Exposure values for regulatory capital purposes OTC traded products are calculated according to the CCR MTM method. This is calculated as a sum of the current replacement cost and the potential future credit exposure. The current replacement cost is the MYR equivalent amount owed by the counterparty to the Bank for various financial derivative transactions. The potential future credit exposure is an add-on based on a percentage of the notional principal of each transaction. Such percentages are prescribed by BNM in the Basel II - RWCAF guidelines and vary according to the underlying asset class and tenor of each trade.

Credit Risk Limit Setting and Monitoring Credit Limits
Credit limits set forth the maximum credit exposures the Bank is willing to assume over specified periods. They relate to products, conditions of the exposure and other factors. Credit limits are established by the Credit Risk Management function via the execution of assigned credit authorities. Credit authority reflects the mandate to approve new credit limits as well as increases or the extension of existing credit limits. Credit authority is generally assigned to individuals as personal credit authority according to the individual's professional qualification and experience.

Credit Ratings Downgrade
The Bank has collateral arrangements under CSA which contains rating triggers as at 31 December 2010. In the event of one-notch downgrade, additional collateral required to be posted was estimated at RM 30.8 million.

Credit Derivatives
The Bank has no credit derivatives transactions for its own credit portfolio except for its intermediation activities.

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Table 15: Off-Balance Sheet and Counterparty Credit Risk (2010)

31-Dec-2010 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	659,330		329,665	274,870
Short Term Self Liquidating trade related contingencies	96,414		19,283	13,743
Foreign exchange related contracts				
One year or less	13,969,651	217,455	365,176	156,652
Over one year to five years	6,557,114	194,431	601,886	241,074
Over five years	4,523,770	409,746	962,585	497,521
Interest/Profit rate related contracts				
One year or less	23,946,381	47,018	83,232	18,564
Over one year to five years	42,633,653	283,844	1,282,927	376,926
Over five years	13,031,600	182,232	1,076,976	336,439
Equity related contracts				
One year or less	159,726	626	19,794	10,694
Over one year to five years	954,115	61,892	118,113	59,056
Over five years	72,401	214	8,902	4,451
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	49,336	654	6,574	3,287
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of 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	1,255,921		-	-
Unutilised credit card lines	-			
Off-balance sheet items for securitisation exposures	-			
Off-balance sheet exposures due to early amortisation provisions	-			
Total	107,909,542	1,398,112	4,875,243	1,993,407

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Table 15.1: Off-Balance Sheet and Counterparty Credit Risk (2009)

31-Dec-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	217		217	217
Transaction related contingent Items	526,813		263,406	180,855
Short Term Self Liquidating trade related contingencies	72,227		14,446	12,852
Foreign exchange related contracts				
One year or less	12,083,891	138,507	273,671	117,327
Over one year to five years	4,545,787	93,685	438,530	206,703
Over five years	2,436,469	43,325	400,134	286,303
Interest/Profit rate related contracts				
One year or less	28,162,897	78,845	120,766	22,958
Over one year to five years	41,295,752	524,208	1,532,782	388,506
Over five years	12,077,808	185,779	1,065,809	332,138
Equity related contracts				
One year or less	465,476	6,217	44,624	23,278
Over one year to five years	1,180,137	71,750	160,374	83,822
Over five years	51,546	639	8,371	4,032
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	81,409	2,657	1,381	690
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of 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	991,484		-	-
Unutilised credit card lines	-			
Off-balance sheet items for securitisation exposures	-			
Off-balance sheet exposures due to early amortisation provisions	-			
Total	103,971,913	1,145,612	4,324,511	1,659,681

5 Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility.

The primary objective of Market Risk Management is to ensure that the DB Group's business units optimise the risk-reward relationship and do not expose it to unacceptable losses. To achieve this objective, Market Risk Management works closely together with risk takers (the business units) and other control and support groups.

5.1 Market Risk Management Framework

The DB Group's primary instrument to manage trading market risk is the limit setting process. The DB Group's Management Board, supported by Market Risk Management, which is part of the DB Group's independent legal, risk and capital function, sets a Group-wide value-at-risk and economic capital limits for the market risk in the trading book. Market Risk Management sub-allocates this overall limit to the group divisions and individual business areas based on anticipated business plans and risk appetite. Within the individual business areas, the business heads or the Bank Chief Operating Officers may establish business limits by sub-allocating the Market Risk Management limit down to individual portfolios or geographical regions. VaR limits for Deutsche Bank (Malaysia) Berhad are endorsed by the Malaysian Board Risk Management Committee ("BRMC") and Board of Directors ("BOD").

The majority of the interest rate and foreign exchange risks arising from non-trading assets and liability positions has been transferred through internal hedges to Global Markets within the Bank and is thus managed on the basis of value-at-risk as reflected in our trading value-at-risk numbers. For the remaining risks that have not been transferred through those hedges, in general foreign exchange risk is mitigated through match funding the investment in the same currency.

5.2 Quantitative Risk Management Tools

Value-At-Risk

Value-at-risk ("VaR") is a quantitative measure of the potential loss (in value) of trading positions due to market movements that will not be exceeded in a defined period of time and with a defined confidence level.

The DB Group's value-at-risk for the trading businesses is based on its own internal value-at-risk model, which is calculated using a 99% confidence level and a holding period of one day. This means the DB Group estimates that there is a 1 in 100 chance that a mark-to-market loss from the DB Group's trading positions will be at least as large as the reported value-at-risk.

The DB Group uses historical market data to estimate value-at-risk, with an equally weighted 261 trading day history. The calculation employs a Monte Carlo simulation technique, and the DB Group assumes that changes in risk factors follow a certain distribution, e.g. normal or logarithmic normal distribution. To determine the DB Group's aggregated value-at-risk, the DB Group uses observed correlations between the risk factors during this 261 trading day period.

VaR (Cont'd)
The DB Group's value-at-risk model is designed to take into account the following risk factors: interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices, as well as their implied volatilities and common basis risk. The model incorporates both linear and, especially for derivatives, nonlinear effects of the risk factors on the portfolio value.

The value-at-risk measure enables the DB Group to apply a constant and uniform measure across all of the DB Group's trading businesses and products. It allows a comparison of risk in different businesses, and also provides a means of aggregating and netting positions within a portfolio to reflect correlations and offsets between different asset classes. Furthermore, it facilitates comparisons for the DB Group's market risk both over time and against the daily trading results.

The DB Group continuously analyses potential weaknesses of the DB Group's value-at-risk model using statistical techniques such as back-testing, but also rely on risk management experience and expert opinion. Back-testing provides an analysis of the predictive power of the value-at-risk calculations based on actual experience. The DB Group compares the hypothetical daily profits and losses under the buy-and-hold assumption with the estimates from the DB Group's value-at-risk model.

The value-at-risk measures are used by Deutsche Bank (Malaysia) Berhad for internal control purposes. The regulatory capital computation for market risk is based on the Standardised Approach prescribed by BNM.

5.3 Risk weighted assets and capital requirements for market risk

Table 16

	31-Dec-2010	31-Dec-2009
Minimum Capital Requirement at 8%	Standardised Approach	Standardised Approach
Interest Rate Risk	257,451	249,489
Equity Position Risk	-	-
Foreign Exchange Risk	31,397	58,228
Commodity Risk	-	-
Options	37,031	68,028
Total Risk Weighted Assets for Market Risk	4,073,491	4,696,811

6 Operational Risk

Operational risk is the potential for failure (incl. legal and regulatory allegations) in relation to employees, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships. This excludes business, strategic and reputational risk.

Organisational Structure

The Head of Operational Risk & Business Continuity Management chairs the Operational Risk Management Committee, which is a permanent subcommittee of the Risk Executive Committee and is composed of the Operational Risk Officers from the DB Group's Business Divisions and Infrastructure Functions. It is the main decision-making committee for all operational risk management matters.

While the day-to-day operational risk management lies with the DB Group's business divisions and infrastructure functions, the DB Group's Operational Risk Management function manages the cross divisional and cross regional operational risk and ensures a consistent application of the DB Group's operational risk management strategy across the Bank. Based on this Business Partnership Model the DB Group ensures close monitoring and high awareness of operational risk.

For risk management purposes, DB Group uses an Advanced Measurement Approach framework globally across all divisions and legal entities to calculate the regulatory capital requirements for Operational Risk. Deutsche Bank (Malaysia) Berhad uses the Basic Indicator Approach (BIA) to assess its local regulatory capital requirements for Operational Risk. The operational risk capital charge using BIA is equal to the average of a fixed percentage (15%) of positive annual gross income over the previous three years. Gross income figures are categorised into twelve quarters (equivalent to three years) and recent annual gross income is calculated by aggregating the gross income of the last four financial quarters. The calculation of the annual gross income for the two years preceding the most recent year is computed in a similar manner. If the annual gross income for any given year is negative or zero, the figure shall not be included for the purposes of calculating the operational risk charge.

The Bank's total operational risk capital charge is the sum of operational risk capital charge for conventional banking operations and operational risk capital charge for Islamic banking operations.

The DB Group applies a number of techniques to efficiently manage the operational risk in its business, for example:

- The DB Group performs systematic risk analyses, root cause analyses and lessons learned activities for material events to identify inherent areas of risk and to define appropriate risk mitigating actions which are monitored for resolution. The prerequisite for these detailed analyses and the timely information of the DB Group's senior management on the development of the operational risk events and on single larger events is the continuous collection of all losses above € 500 arising from operational risk events in the DB Group's "db-Incident Reporting System".

- Regular operational risk profile reports for the DB Group's business divisions, the countries the DB Group is operating in and selected infrastructure groups are reviewed and discussed with the department's senior management. The regular performance of the risk profile reviews enables the DB Group to early detect changes to the units risk profile and to take corrective actions.

7 Liquidity Risk

Liquidity risk is the risk arising from the Bank's potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs.

Liquidity risk is managed through the Asset and Liability Committee ("ALCO"). This committee, chaired by Treasury, is responsible for both statutory and prudential liquidity.

Liquidity risk is monitored through the Bank Negara Malaysia New Liquidity Framework and the internal liquidity risk management policy. A prudent liquidity limit setting process includes maximum cash outflow ("MCO") limits and unsecured funding limits. Both limits are reviewed on a regular basis and can be quickly adjusted to changing (market) circumstances.

Stress testing and scenario analysis plays a central role in the liquidity risk management framework. This also incorporates an assessment of asset liquidity, i.e. the characteristics of the asset inventory, under various stress scenarios.

8 Equity Investments in the Banking Book

Equity investments which are neither consolidated for regulatory purposes nor deducted from the Bank's own funds are held as equity positions in the regulatory banking book. In the Bank's consolidated balance sheet, these equity investments are classified as "Financial investments available for sale ("AFS")". There are certain equity holdings for social-economic purposes which have been reclassified from HTM to AFS as allowed by BNM. Further details in relation to AFS can be found in Note 5 and Note 20 to the Financial Statements.

9 Interest Rate Risk in the Banking Book

Interest rate risk in the non-trading portfolios is transferred through internal hedges to Global Markets within our Corporate and Investment Bank and is thus managed on the basis of value-at-risk as reflected in our trading value-at-risk numbers. There is no interest rate risk in the Banking Book of the Bank. Further details on interest rate risk in Trading Book can be found in Note 32 to the Financial Statements.

10 Islamic Banking Operations

BNM had given its approval on 22 August 2007 for the Bank to conduct Islamic banking business under Section 124 of the Banking and Financial Institutions Act 1989.

10.1 Shariah Governance

The Bank conducts Islamic Banking through its Islamic Banking Window ("IBW") which commenced business on 20 April 2009.

The Shariah Committee was established under BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles. The committee currently comprises Dr Hussein Hamed Sayed Hassan and Dr Muhammad Qaseem.

The Bank has obtained approval from BNM to operate with 2 Shariah Committee members until 31 March 2011.

10.2 Restricted Profit Sharing Investment Accounts ('RPSIA')

These deposits are used to fund specific financing and follow the principle of Mudharabah which state that profits will be shared with the Bank as Mudharib and losses shall be borne solely by depositors

In accordance with BNM's guidelines on the recognition and Measurement of Profit Sharing Investment Account ('PSIA') as Risk Absorbent, the credit and market risks on the assets funded by the PSIA are excluded from the risk weighted capital ('RWCR') calculation.

As at 31 December 2010, RPSIA assets excluded from the RWCR calculation amounted to Nil (2009: Nil).

10.3 Islamic Banking Window **- Capital Adequacy**

The capital adequacy ratios of the Islamic banking business of the DBMB Group are computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). The DBMB Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Table 17

	2010		2009	
Islamic Banking Window	**Risk Weighted Assets RM'000**	**Min Capital Requirement at 8% RM'000**	**Risk Weighted Assets RM'000**	**Min Capital Requirement at 8% RM'000**
Credit Risk	540	44	-	-
Market Risk	-	-	-	-
Operational Risk	1,388	111	632	51
Total	**1,928**	**155**	**632**	**51**

Table 17.1

Islamic Banking Window	31-Dec-10 RM'000	31-Dec-09 RM'000
Tier 1 capital		
Paid-up share capital	25,000	25,000
Share premium	-	-
Statutory reserve	-	-
Retained profits	1,109	253
Less: Deferred tax assets	-	-
Total Tier 1 Capital	26,109	25,253
Tier 2 Capital		
Collective Impairment Allowance/General Allowance for bad and doubtful debts	-	-
Total Capital	26,109	25,253
Less: Investments in subsidiary companies	-	-
Capital Base	26,109	25,253
Tier 1 Capital Ratio	1354.20%	3995.73%
Risk-Weighted Capital Ratio	1354.20%	3995.73%

The capital ratios have been computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB).

10.4 Islamic Banking Window - Risk Weighted Assets and Capital Requirements for Credit Risk

Table 18

31-Dec-2010

RISK TYPE	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures						
Sovereigns/Central Banks	53,850	53,850	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	215	215	108	-	-	9
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Regulatory Retail	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	432	432	432	-	-	35
Equity Exposure	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
Total On-Balance Sheet Exposures	**54,497**	**54,497**	**540**	**-**	**-**	**44**
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Credit Derivatives	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	
Total for Off-Balance Sheet Exposures	**-**	**-**	**-**	**-**	**-**	**-**
Total On and Off- Balance Sheet Exposures	**54,497**	**54,497**	**540**	**-**	**-**	**44**

Table 18.1

31-Dec-2009

RISK TYPE	Gross Exposures	Net Exposures	Risk-Weighted Assets	Risk-Weighted Assets Absorbed by PSIA	Total Risk-Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
Credit Risk	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On-Balance Sheet Exposures						
Sovereigns/Central Banks	2,298	2,298	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Regulatory Retail	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
Total On-Balance Sheet Exposures	**2,298**	**2,298**	**-**	**-**	**-**	**-**
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Credit Derivatives	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	
Total for Off-Balance Sheet Exposures	**-**	**-**	**-**	**-**	**-**	**-**
Total On and Off- Balance Sheet Exposures	**2,298**	**2,298**	**-**	**-**	**-**	**-**

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Table 19: Islamic Banking Window - Risk Weights Under the Standardised Approach (2010)

31-Dec-2010

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	Specialised Financing / Investment	Securitisation	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	RM'000	RM'000
0%	53,850	-	-	-	-	-	-	-	-	-	-	-	53,850	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	215	-	-	-	-	-	-	-	-	-	215	108
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	432	-	-	-	432	432
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	53,850	-	215	-	-	-	-	-	432	-	-	-	54,497	540
Risk-Weighted Assets by Exposures	-	-	108	-	-	-	-	-	432	-	-	-	540	
Average Risk Weight	0%	-	50.2%	-	-	-	-	-	100%	-	-	-	1.0%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

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Table 19.1: Islamic Banking Window - Risk Weights Under the Standardised Approach (2009)

31-Dec-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	Specialised Financing/Investment	Securitisation	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	RM'000	RM'000
0%	2,298	-	-	-	-	-	-	-	-	-	-	-	2,298	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-		-	-	-
Total Exposures	2,298	-	-	-	-	-	-	-	-	-	-	-	2,298	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	
Average Risk Weight	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	