

Standard Chartered Saadiq Berhad

(Company No. 823437K)
(Incorporated in Malaysia)

Financial statements for the financial half year ended 30 June 2009

Domiciled in Malaysia
Principal place of business
Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

STANDARD CHARTERED SAADIQ BERHAD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2009**

	Note	30 June 2009 RM'000	31 December 2008 RM'000
Assets			
Cash and short term funds		3,072,871	2,585,476
Deposits and placements with banks and other financial institutions	10	-	200,270
Securities available-for-sale	11	275,803	242,072
Financing and advances	12	1,617,296	1,368,041
Other receivables	14	72,786	908,187
Statutory deposits with Bank Negara Malaysia		14,110	54,000
Deferred tax asset		1,460	766
Total assets		5,054,326	5,358,812
Liabilities			
Deposits from customers	15	3,451,014	4,423,290
Deposits and placements of banks and other financial institutions	16	880,223	627,179
Bills and acceptances payable		-	28,942
Other payables	17	507,514	75,652
Tax payable		3,399	1,572
Total liabilities		4,842,150	5,156,635
Equity			
Share capital		50,000	50,000
Reserves		162,176	152,177
Total equity attributable to equity holder of the Bank		212,176	202,177
Total liabilities and equity		5,054,326	5,358,812
Commitments and contingencies	23	2,421,066	1,005,434
CAPITAL ADEQUACY			
Core capital ratio	26	11.33%	12.13%
Risk-weighted capital ratio	26	12.71%	13.39%

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

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

	Note	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Income derived from investment of depositors' funds and others	18	28,555	57,391
Income derived from investment of shareholder's funds	20	29,502	55,669
Allowance for bad and doubtful financing	22	(11,445)	(20,619)
Transfer to profit equalisation reserves	17	-	(804)
Total distributable income		<u>46,612</u>	<u>91,637</u>
Income attributable to depositors	19	<u>(23,848)</u>	<u>(56,561)</u>
Total net income		<u>22,764</u>	<u>35,076</u>
Other operating expenses	21	(13,826)	(23,541)
Profit before taxation		<u>8,938</u>	<u>11,535</u>
Tax expense		(2,270)	(2,943)
Profit for the period		<u><u>6,668</u></u>	<u><u>8,592</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	← <i>Non Distributable Reserves</i> →				<i>Distributable</i>	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Reserves Retained profits RM'000	
At 1 January 2009	50,000	150,000	1,539	(901)	1,539	202,177
Unrealised net gain on revaluation of securities available-for-sale, net of tax	-	-	-	1,710	-	1,710
Realised gain from disposal of securities available-for-sale transferred to income statement, net of tax	-	-	-	(303)	-	(303)
Net gain recognised directly in equity	-	-	-	1,407	-	1,407
Profit for the period	-	-	-	-	8,592	8,592
	-	-	-	1,407	8,592	9,999
At 30 June 2009	50,000	150,000	1,539	506	10,131	212,176

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

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

	30 June 2009 RM'000
Profit before taxation	11,535
Adjustment for non-operating items	-
Adjustment for non-cash items	182
Operating profit before working capital changes	11,717
Changes in working capital	
Net changes in operating assets	826,306
Net changes in operating liabilities	(317,116)
Income taxes paid	(1,116)
Net cash generated from/(used in) operating activities	519,791
Net cash generated from/(used in) investing activities	(32,396)
Net cash used in financing activities	-
Net increase in cash and cash equivalents	487,395
Cash and cash equivalent at beginning of the year	2,585,476
Cash and cash equivalent at end of the period	3,072,871

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial half ended 30 June 2009 was RM11.5 million. Income derived from investment of depositors' funds and others was RM57.4 million while income derived from investment of shareholder's funds was RM55.7 million. Allowance for bad and doubtful financing was RM20.6 million. Total assets registered a slight reduction of RM304 million or 5.68% to RM5.05 billion compared to the last financial year ended 31 December 2008. However, the Bank's core capital ratio and risk-weighted capital ratio remained strong at 11.33% and 12.71% respectively.

PROSPECTS

The Bank will continue to grow its business in Malaysia in support of a focused strategic agenda to achieve the Standard Chartered PLC's ambition to be the best international bank, leading the way in Asia, Africa and the Middle East. The Bank has built significant momentum to lead the way in product innovation, service, performance culture, corporate governance and enhancing shareholder value. The strategic agenda for 2009 is set out below:-

- Deliver superior financial performance, in line with the market
- Continuously improve the way we work, to make things simpler, faster and better
- Massively multiply our leadership capability, attracting and retaining more talent and turning managers into true leaders
- Reinforce the brand, making it even more powerful and well-known across our footprint

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Notes to the financial statements for the financial half year ended 30 June 2009

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 2009 have been prepared in accordance with FRS 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia guidelines.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial period ended 31 December 2008.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2008 was not qualified.

3. Seasonal or cyclical factors

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the second quarter and the financial half year ended 30 June 2009.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the second quarter and the financial half year ended 30 June 2009.

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6. Issuances, cancellations, repurchases, resale and repayments of securities portfolio

There were no issuance and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the financial half year ended 30 June 2009.

7. Proposed Dividend

No dividend has been proposed for the second quarter and period ended 30 June 2009.

8. Subsequent events

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

9. Changes in the composition of the Bank

There were no significant changes in the composition of the Bank in the financial half year ended 30 June 2009.

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10. Deposits and placements with banks and other financial institutions

	30 June 2009 RM'000	31 December 2008 RM'000
Bank Negara Malaysia	-	200,270

11. Securities available-for-sale

	30 June 2009 RM'000	31 December 2008 RM'000
<u>At fair value</u>		
Bank Negara Malaysia bills	59,955	-
Cagamas bonds	65,183	64,478
Islamic negotiable instruments of deposit	34,990	44,995
Government Islamic bonds	25,248	25,138
Islamic private debt securities	90,427	107,461
	<u>275,803</u>	<u>242,072</u>

12. Financing and advances**(i) By type**

	30 June 2009 RM'000	31 December 2008 RM'000
Term financing		
- House financing	271,470	241,056
- Hire purchase receivables	9,887	-
- Lease receivables	75,220	20,142
- Other term financing	1,224,930	1,034,397
Bills receivable	30,789	33,869
Trust receipts	70,176	1,798
Claims on customers under acceptance credits	-	29,019
Staff financing (of which advances to Directors - Nil)	3,603	3,030
Revolving credit	447,741	460,254
	<u>2,133,816</u>	<u>1,823,565</u>
Less: Unearned income	(490,833)	(433,795)
Gross financing and advances	1,642,983	1,389,770
Less: Allowance for bad and doubtful financing:-		
Specific	(956)	(848)
General	(24,731)	(20,881)
Total net financing and advances	<u>1,617,296</u>	<u>1,368,041</u>

(ii) By contract

	30 June 2009 RM'000	31 December 2008 RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	223,360	218,402
Ijarah Thumma Al-Bai (<i>finance lease</i>)	78,050	18,606
Murabahah (<i>cost plus</i>)	98,008	63,190
Others	1,243,565	1,089,572
	<u>1,642,983</u>	<u>1,389,770</u>

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12. Financing and advances (continued)**(iii) By type of customer**

	30 June 2009 RM'000	31 December 2008 RM'000
Domestic non-bank financial institutions	107,456	78,100
<i>Stockbroking companies</i>	-	-
<i>Others</i>	107,456	78,100
Domestic business enterprises	674,453	574,143
<i>Small medium enterprises</i>	113,242	82,771
<i>Others</i>	561,211	491,372
Individuals	850,581	731,863
Foreign entities	10,493	5,664
	<u>1,642,983</u>	<u>1,389,770</u>

(iv) By profit rate sensitivity

	30 June 2009 RM'000	31 December 2008 RM'000
Fixed rate		
- House financing	5,763	6,019
- Other financing	892,016	714,221
Variable rate		
- House financing	251,955	212,368
- Revolving credit	441,465	457,162
- Other financing	51,784	-
	<u>1,642,983</u>	<u>1,389,770</u>

(v) By sector

	30 June 2009 RM'000	31 December 2008 RM'000
Agriculture	20,013	21
Mining and quarrying	1,750	3,000
Manufacturing	35,780	49,947
Electricity, gas and water	30,000	-
Construction	38,457	6,483
Real estate	92,981	61,682
Purchase of landed property	176,175	162,942
- <i>Residential</i>	129,750	113,578
- <i>Non-residential</i>	46,425	49,364
Wholesale & retail trade and restaurants & hotels	273,049	299,211
Transport, storage and communication	118,582	86,404
Finance, insurance and business services	133,523	104,375
Consumption credit	684,645	574,595
Others	38,028	41,110
	<u>1,642,983</u>	<u>1,389,770</u>

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13. Non-performing financing (NPF)**(i) Movements in the non-performing financing and advances**

	30 June 2009 RM'000	31 December 2008 RM'000
At 1 January/ Amount vested over from immediate holding company	9,254	5,665
Classified as non-performing during the financial period	23,677	9,153
Reclassified as performing during the financial period	(612)	(187)
Amount recovered during the financial period	(1,429)	(149)
Amount written off	(16,649)	(5,228)
At end of reporting period	<u>14,241</u>	<u>9,254</u>
Specific allowance	(956)	(848)
Net non-performing financing and advances	<u><u>13,285</u></u>	<u><u>8,406</u></u>
Ratio of net non-performing financing and advances to net financing and advances	<u>0.81%</u>	<u>0.61%</u>

(ii) Movements in allowance for bad and doubtful financing

	30 June 2009 RM'000	31 December 2008 RM'000
General Allowance		
At 1 January/ Amount vested over from immediate holding company	20,881	20,031
Allowance made during the financial period	4,000	850
Amount written back	(150)	-
At end of reporting period	<u>24,731</u>	<u>20,881</u>
As a percentage of gross financing and advances less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance		
At 1 January/ Amount vested over from immediate holding company	848	841
Allowance made during the financial period	16,900	5,042
Amount written back in respect of recoveries	(131)	(72)
Amount written off	(16,661)	(4,963)
At end of reporting period	<u>956</u>	<u>848</u>

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13. Non-performing financing (NPF) (continued)**(iii) NPF by sector**

	30 June 2009 RM'000	31 December 2008 RM'000
Purchase of landed property	3,863	2,871
- Residential	3,863	2,871
- Non-residential	-	-
Wholesale & retail trade and restaurants & hotels	164	-
Consumption credit	10,214	6,383
	14,241	9,254

14. Other receivables

	30 June 2009 RM'000	31 December 2008 RM'000
Derivatives	63,297	10,708
Income receivable	2,792	3,277
Other receivables, deposit and prepayments	6,697	894,202
	72,786	908,187

15. Deposits from customers**(i) By type of deposit**

	30 June 2009 RM'000	31 December 2008 RM'000
Non-Mudharabah		
Demand deposits	629,765	246,231
Savings deposits	67,331	55,872
Negotiable instruments of deposits	438,631	443,011
	1,135,727	745,114
Mudharabah		
General investment deposits	2,315,287	3,678,176
	3,451,014	4,423,290

(ii) By type of customers

	30 June 2009 RM'000	31 December 2008 RM'000
Business enterprises	2,317,645	3,474,895
Individuals	659,393	315,720
Others	473,976	632,675
	3,451,014	4,423,290

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16. Deposits and placements of banks and other financial institutions

	30 June 2009 RM'000	31 December 2008 RM'000
Non-Mudharabah		
Licensed banks	14,816	8,661
Bank Negara Malaysia	-	324
Other financial institutions	88,407	2,205
	<u>103,223</u>	<u>11,190</u>
Mudharabah		
Licensed banks	777,000	615,989
	<u>880,223</u>	<u>627,179</u>

17. Other payables

	30 June 2009 RM'000	31 December 2008 RM'000
Derivatives	62,374	10,429
Income payable	15,114	14,906
Profit equalisation reserve	6,548	5,744
Other payables and accruals	423,478	44,573
	<u>507,514</u>	<u>75,652</u>
 Profit equalisation reserves:-		
At 1 January/ Amount vested over immediate holding company	5,744	4,734
Amount provided during the financial period	804	1,010
At end of reporting period	<u>6,548</u>	<u>5,744</u>

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18. Income derived from investment of depositors' funds and others

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Income derived from investment of:-		
(i) General investment deposits	16,768	38,504
(ii) Other deposits	11,787	18,887
	<u>28,555</u>	<u>57,391</u>

(i) Income derived from investment of general investment deposits

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Finance income and hibah		
Financing and advances	5,761	12,764
Securities available-for-sale	496	1,129
Money at call and deposits with financial institutions	9,257	26,920
	15,514	40,813
Amortisation of premium less accretion of discount	(3,233)	(7,850)
Total finance income and hibah	<u>12,281</u>	<u>32,963</u>
Other operating income		
Fees and commission	4,487	5,541
	<u>16,768</u>	<u>38,504</u>

(ii) Income derived from investment of other deposits

Finance income and hibah		
Financing and advances	3,973	6,261
Securities available-for-sale	347	554
Money at call and deposits with financial institutions	7,436	13,205
	11,756	20,020
Amortisation of premium less accretion of discount	(2,343)	(3,851)
Total finance income and hibah	<u>9,413</u>	<u>16,169</u>
Other operating income		
Fees and commission	2,374	2,718
	<u>11,787</u>	<u>18,887</u>

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19. Income attributable to depositors

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Deposit from customers		
- Mudharabah fund	16,402	39,206
- Non-Mudharabah fund	3,041	5,829
Deposits and placements of banks and other financial institutions		
- Mudharabah fund	4,158	10,543
- Non-Mudharabah fund	247	983
	<u>23,848</u>	<u>56,561</u>

20. Income derived from investment of shareholder's funds

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Finance income and hibah		
Financing and advances	28,172	52,811
Securities available-for-sale	1,330	2,858
	<u>29,502</u>	<u>55,669</u>

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21. Other operating expenses

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Personnel costs		
- Salaries, bonus, wages and allowances	247	459
- Other staff related cost	8	31
	<u>255</u>	<u>490</u>
Establishment costs		
- Information technology expenses	2	2
- Utilities and maintenance	52	88
	<u>54</u>	<u>90</u>
Marketing expenses		
- Advertisement and publicity	932	994
- Others	31	46
	<u>963</u>	<u>1,040</u>
Administration and general expenses		
- Communication expenses	6	22
- Group administration fees and business support expenses	1,105	1,683
- Management fee	10,807	19,234
- Others	636	982
	<u>12,554</u>	<u>21,921</u>
Total other operating expenses	<u><u>13,826</u></u>	<u><u>23,541</u></u>

22. Allowance for bad and doubtful financing

	2nd Quarter ended 30 June 2009 RM'000	Six months ended 30 June 2009 RM'000
Allowance for bad and doubtful financing on financing and advances:-		
Specific allowance (net)	9,245	16,769
- Made in the financial period	9,340	16,900
- Written back in respect of recoveries	(95)	(131)
General allowance		
- Made in the financial period	2,200	4,000
- Written back	-	(150)
	<u>11,445</u>	<u>20,619</u>

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23. 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 commitments and contingencies are as follows:-

	As at 30 June 2009			As at 31 December 2008		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
Direct credit substitutes	19,231	19,231	18,299	19,619	19,619	19,619
Transaction-related contingent items	6,656	3,328	2,632	4,507	2,254	1,626
Short-term self liquidating trade-related contingencies	11,386	2,277	2,463	6,067	1,213	710
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	566,904	-	-	179,299	-	-
- maturity exceeding one year	140,955	31,978	27,909	35,936	17,968	12,644
Foreign exchange related contracts:-						
- less than one year	269,007	4,839	968	71,262	4,278	856
- one year to less than five years	234,073	23,220	6,086	232,249	25,849	6,588
Profit rate related contracts						
- less than one year	19,076	101	20	256,495	1,030	206
- one year to less than five years	1,153,778	137,078	53,544	200,000	6,554	1,311
	2,421,066	222,052	111,921	1,005,434	78,765	43,560

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factor and risk weights respectively, as per Bank Negara Malaysia guidelines.

Foreign exchange and profit rate related contracts are subject to market risk and credit risk.

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24. Rate of return risk

As at 30 June 2009	Non Trading books							Over 5 years	Non profit sensitive	Total	Effective Profit Rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	(%)
Assets											
Cash and short term funds	3,065,670	-	-	-	-	-	-	-	7,201	3,072,871	1.96
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Securities available-for-sale	64,957	59,967	25,248	45,439	80,192	-	-	-	-	275,803	3.27
Financing and advances											
- Performing	59,183	14,362	448,024	133,212	205,449	559,652	17,306	164,584	2,239	1,604,011	9.42
- Non-performing	-	-	-	-	-	-	-	-	13,285	13,285	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	88,356	88,356	-
Total assets	3,189,810	74,329	473,272	178,651	285,641	559,652	17,306	164,584	111,081	5,054,326	
Liabilities											
Deposits from customers	2,401,702	423,056	294,621	185,468	46,493	19,314	-	80,360	-	3,451,014	2.72
Deposits and placements of banks and other financial institutions	94,398	1,688	-	777,000	-	-	7,137	-	-	880,223	2.25
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	-	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	510,913	510,913	-
Total liabilities	2,496,100	424,744	294,621	962,468	46,493	19,314	7,137	80,360	510,913	4,842,150	
Shareholder's equity	-	-	-	-	-	-	-	-	212,176	212,176	
Total liabilities and shareholder's equity	2,496,100	424,744	294,621	962,468	46,493	19,314	7,137	80,360	723,089	5,054,326	
On-balance sheet profit sensitivity gap	693,710	(350,415)	178,651	(783,817)	239,148	540,338	10,169	84,224	(612,008)		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-		
Total profit sensitivity gap	693,710	(350,415)	178,651	(783,817)	239,148	540,338	10,169	84,224	(612,008)		

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24. Rate of return risk (continued)

As at 31 December 2008	Non Trading books							Over 5 years	Non profit sensitive	Total	Effective Profit Rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years				
	RM'000	RM'000	RM'000	RM'000				RM'000	RM'000	RM'000	(%)
Assets											
Cash and short term funds	2,579,136	-	-	-	-	-	-	-	6,340	2,585,476	3.26
Deposits and placements with banks and other financial institutions	-	200,270	-	-	-	-	-	-	-	200,270	3.29
Securities available-for-sale	14,997	48,004	25,117	114,633	4,941	-	34,380	-	-	242,072	4.47
Financing and advances	26	-	-	-	-	-	-	-	-	-	-
- Performing	26	61,353	429,879	89,468	134,378	87,123	290,568	219,202	16,476	1,328,473	10.10
- Non performing	-	-	-	-	-	-	-	-	8,406	8,406	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	962,953	962,953	-
Total assets	2,594,185	309,627	454,996	204,101	139,319	87,123	324,948	219,202	994,175	5,327,650	
Liabilities											
Deposits from customers	2,263,776	1,400,086	316,365	51	345,393	6,930	11,987	78,702	-	4,423,290	2.49
Deposits and placements of banks and other financial institutions	28,517	-	580,000	11,652	-	-	7,010	-	-	627,179	3.33
Bills and acceptances payable	28,942	-	-	-	-	-	-	-	-	28,942	3.88
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	77,224	77,224	-
Total liabilities	2,321,235	1,400,086	896,365	11,703	345,393	6,930	18,997	78,702	77,224	5,156,635	
Shareholder's equity	-	-	-	-	-	-	-	-	202,177	202,177	
Total liabilities and shareholder's equity	2,321,235	1,400,086	896,365	11,703	345,393	6,930	18,997	78,702	279,401	5,358,812	
On-balance sheet profit sensitivity gap	272,950	(1,090,459)	(441,369)	192,398	(206,074)	80,193	305,951	140,500	714,774		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-		
Total profit sensitivity gap	272,950	(1,090,459)	(441,369)	192,398	(206,074)	80,193	305,951	140,500	714,774		

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25. Credit exposure to connected parties

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

	30 June 2009 RM'000	31 December 2008 RM'000
Aggregate value of outstanding credit exposures to connected parties	55,601	19,023
As a percentage of total credit exposures	2.2%	1.1%

There are currently no exposures to connected parties which are classified as non-performing.

26. Capital adequacy

The capital adequacy ratios of the Bank are analysed as follows:-

	30 June 2009 RM'000	31 December 2008 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	50,000	50,000
Share premium	150,000	150,000
Other reserves	3,078	3,078
Less: Deferred tax asset	(465)	(465)
Total Tier 1 Capital	<u>202,613</u>	<u>202,613</u>
Tier 2 Capital		
General allowance for bad and doubtful financing	<u>24,731</u>	<u>20,881</u>
Total Tier 2 Capital	<u>24,731</u>	<u>20,881</u>
Total Capital Base	<u><u>227,344</u></u>	<u><u>223,494</u></u>

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:-

	30 June 2009		31 December 2008	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	3,160,187	-	2,934,183	-
10%	-	-	-	-
20%	215,033	43,007	989,712	197,942
50%	243,668	121,834	112,553	56,277
100%	1,623,173	1,623,173	1,415,488	1,415,488
	<u>5,242,061</u>	<u>1,788,014</u>	<u>5,451,936</u>	<u>1,669,707</u>

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26. Capital adequacy (continued)

	30 June 2009 RM'000	31 December 2008 RM'000
Total risk-weighted assets		
- credit risk (as above)	1,788,014	1,669,707
- market risk	-	-
	<u>1,788,014</u>	<u>1,669,707</u>
 Capital Ratios		
Core capital ratio	11.33%	12.13%
Risk-weighted capital ratio	12.71%	13.39%