

# Standard Chartered Bank Malaysia Berhad

(Company No. 115793 P)

(Incorporated in Malaysia)

## and its subsidiary companies

### Balance sheet as at 31 December 2000

	Note	Group		Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
<b>Assets</b>					
Cash and short term funds	4	3,190,068	2,510,800	3,190,068	2,510,800
Deposits and placements with financial institutions	5	320,800	653,502	320,800	653,502
Dealing securities	6	361,937	5,199	361,937	5,199
Investment securities	7	2,882,121	2,072,858	2,882,121	2,072,858
Loans, advances and financing	8	12,027,479	11,974,867	12,027,479	11,974,867
Other assets	9	202,654	98,774	202,654	98,774
Amount owing from related companies		-	6,494	-	6,494
Statutory deposits with Bank Negara Malaysia	10	532,000	525,000	532,000	525,000
Investments in subsidiary companies	11	-	-	22	22
Property, plant and equipment	12	78,675	113,534	78,675	113,534
		<u>19,595,734</u>	<u>17,961,028</u>	<u>19,595,756</u>	<u>17,961,050</u>
		=====	=====	=====	=====
<b>Liabilities and shareholders' funds</b>					
Deposits from customers	13	13,476,562	13,041,569	13,476,562	13,041,569
Deposits and placements of banks and other financial institutions	14	1,347,720	1,168,247	1,347,720	1,168,247
Obligations on securities sold under repurchase agreements		2,217,942	1,427,661	2,217,942	1,427,661
Bills and acceptances payable		173,203	54,969	173,203	54,969
Other liabilities	15	891,004	586,899	891,004	586,899
Amount owing to subsidiary companies	11	-	-	22	22
Amount owing to ultimate holding company		251,802	449,562	251,802	449,562
		<u>18,358,233</u>	<u>16,728,907</u>	<u>18,358,255</u>	<u>16,728,929</u>
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<b>Share capital</b>	16	125,000	125,000	125,000	125,000
<b>Reserves</b>	17	1,112,501	1,107,121	1,112,501	1,107,121
		<u>1,237,501</u>	<u>1,232,121</u>	<u>1,237,501</u>	<u>1,232,121</u>
		-----	-----	-----	-----
<b>Shareholders' funds</b>		1,237,501	1,232,121	1,237,501	1,232,121
		-----	-----	-----	-----
<b>Total liabilities and</b>					

					2
<b><u>shareholders' funds</u></b>		19,595,734	17,961,028	19,595,756	17,961,050
		=====	=====	=====	=====
<b>Commitments and contingencies</b>	28	21,764,701	19,479,155	21,764,701	19,479,155
		=====	=====	=====	=====

The accompanying Notes form an integral part of the financial statements.

# Standard Chartered Bank Malaysia Berhad

(Company No. 115793 P)

(Incorporated in Malaysia)

## and its subsidiary companies

### Income statements for the year ended 31 December 2000

	Note	Group and Bank	
		2000 RM'000	1999 RM'000
Interest income	18	1,281,649	1,308,878
Interest expense	19	(581,290)	(642,540)
		<hr/>	<hr/>
Net interest income		700,359	666,338
SPI Income	21	2,359	1,884
		<hr/>	<hr/>
		702,718	668,222
Loan and financing loss and provision	20	(76,070)	(192,759)
		<hr/>	<hr/>
		626,648	475,463
Non-interest income	21	255,544	231,985
		<hr/>	<hr/>
Net income		882,192	707,448
Overhead expenses	22	(422,737)	(369,026)
		<hr/>	<hr/>
Profit before taxation		459,455	338,422
Taxation	25	(144,475)	(131)
		<hr/>	<hr/>
Profit after taxation		314,980	338,291
Retained profit brought forward		607,121	479,430
		<hr/>	<hr/>
Profit available for appropriation		922,101	817,721
Proposed first and final dividend of 288% less tax (1999 - 193% less tax)		(309,600)	(210,600)
		<hr/>	<hr/>
Retained profit carried forward	17	612,501	607,121
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (sen)	27	252	271
		<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes form an integral part of the financial statements.

# Standard Chartered Bank Malaysia Berhad

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(Incorporated in Malaysia)

## and its subsidiary companies

### Statement of changes in equity for the year ended 31 December 2000

	Non-distributable		Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Retained profits RM'000	
<i>Group &amp; Bank</i>					
<b>At 1 January 1999</b>	125,000	375,000	125,000	479,430	1,104,430
Net profit for the financial year	-	-	-	338,291	338,291
Proposed dividends (Note 15)	-	-	-	(210,600)	(210,600)
<b>Balance at 31 December 1999</b>	125,000	375,000	125,000	607,121	1,232,121
Net profit for the financial year	-	-	-	314,980	314,980
Proposed dividends (Note 15)	-	-	-	(309,600)	(309,600)
<b>Balance at 31 December 2000</b>	125,000	375,000	125,000	612,501	1,237,501

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Note 16

The accompanying Notes form an integral part of the financial statements.

# Standard Chartered Bank Malaysia Berhad

(Company No. 115793 P)

(Incorporated in Malaysia)

## and its subsidiary companies

### Cash flow statement for the year ended 31 December 2000

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	459,455	338,422
Adjustment for items not involving the movement of cash and cash equivalents:		
Depreciation	26,135	25,719
Gain on disposal of property, plant and equipment	(11,109)	(2,901)
Other movements of property, plant and equipment	133	(58)
Provision for bad and doubtful debts and financing	89,258	196,386
Gain on disposal of investment securities	(16,599)	(14,814)
Amortisation of premium less accretion of discount	2,468	(12,007)
	<hr/>	<hr/>
Operating profit before working capital changes	549,741	530,747
Decrease/(Increase) in deposits and placements with financial institutions	332,702	(240,502)
(Increase)/Decrease in dealing securities	(356,738)	57,723
Increase in loans, advances and financing	(141,869)	(1,020,533)
(Increase)/Decrease in other assets	(103,880)	110,412
Increase in statutory deposits with Bank Negara Malaysia	(7,000)	(87,532)
Increase in deposits from customers	434,993	1,510,814
Increase in deposits and placements of banks and other financial institutions	179,473	137,672
Increase in securities sold under repurchase agreements	790,281	1,354,482
Increase/(Decrease) in bills and acceptances payable	118,234	(280,229)
Increase in other liabilities	114,713	60,397
Decrease in amount owing to ultimate holding company	(191,267)	(932,470)
	<hr/>	<hr/>
Cash generated from operations	1,719,383	1,200,981
Income tax paid	(54,083)	(132,269)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>1,665,300</b>	<b>1,068,712</b>
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<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(23,733)	(38,181)
Proceeds from disposal of property, plant and equipment	43,433	16,449
Purchase of investment securities	(4,735,828)	(4,236,127)
Proceeds from disposal of investment securities	3,940,696	3,953,105
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(775,432)</b>	<b>(304,754)</b>

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	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from financing activity</b>		
Dividends paid	(210,600)	(110,000)
	<hr/>	<hr/>
<b>Net cash used in financing activity</b>	(210,600)	(110,000)
	<hr/>	<hr/>
<b>Net increase in cash and short term funds</b>	679,268	653,958
<b>Cash and short term funds brought forward</b>	2,510,800	1,856,842
	<hr/>	<hr/>
<b>Cash and short term funds carried forward</b>	3,190,068	2,510,800
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes form an integral part of the financial statements.

# **Standard Chartered Bank Malaysia Berhad**

(Company No. 115793 P)

(Incorporated in Malaysia)

## **and its subsidiary companies**

### **Notes to the financial statements - 31 December 2000**

#### **1. Principal activities**

The principal activities of the Bank are banking and related financial services which also include Islamic Banking and the principal activities of the subsidiary companies are stated in Note 11 to the financial statements.

There have been no significant changes in the activities of the Bank and its subsidiary companies during the financial year.

#### **2. Basis of preparation of the financial statements**

The financial statements of the Group and of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. The financial statements incorporate those activities relating to Islamic Banking Scheme (SPI) which have been undertaken by the Bank. SPI refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

#### **3. Significant accounting policies**

##### **(a) Accounting convention**

The financial statements have been prepared under the historical cost convention.

##### **(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary companies made up to the end of the financial year.

##### **(c) Income recognition**

Interest income is recognised on an accrual basis. Interest income on housing and term loans is recognised by reference to rest periods which are either monthly or yearly.

Where an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. Customers' financial statements are classified as non-performing where repayments are in arrears for more than 90 days for loans and overdrafts, and 30 days after maturity date for trade bills, bankers' acceptances and trust receipts. The policy on suspension of interest adopted by the Bank complies with that required by Bank Negara Malaysia's "Guideline on Interest Suspension, BNM/GP3".



**(d) Recognition of fees and other income**

Loan arrangement fees, management and participation fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Dividends from dealing and investment securities are recognised when received.

**(e) Provision for bad and doubtful debts and financing**

Specific provisions are made for doubtful debts and financing which have been individually reviewed and specifically identified as bad or doubtful.

A general provision based on a percentage of the loan and financing portfolio is also made to cover possible losses which are not specifically identified.

An uncollectible loan and financing or portion of a loan and financing classified as bad is written off after taking into consideration the realisable value of the collateral, if any, when in the judgement of the management, there is no prospect of recovery.

**(f) Repurchase agreements**

Securities purchased under resale agreements are securities which the Bank had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset in the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Bank has sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligations to repurchase the securities are reflected as a liability on the balance sheet.

**(g) Dealing securities**

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

**(h) Investment securities**

Investment securities are securities that are acquired and held for yield or capital growth or to meet the minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act 1989, and are usually held to maturity.

Malaysian Government Securities, Malaysian Government Investment Certificates, Cagamas Bonds and other Government securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date on a straight line basis. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

Unquoted equity securities are held as long term investments and are stated at cost and provision is made in the event of any permanent diminution in value.

**(i) Investment in subsidiary companies**

A subsidiary company is a company in which the Bank controls the composition of its board of directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies are stated at cost, and written down when the directors consider that there is a permanent diminution in the value of such investments.

**(j) Depreciation of property, plant and equipment**

Freehold land is not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight line basis over the expected useful life of the assets concerned. The principal annual rates are:-

Leasehold land with less than fifty years to expiry and buildings thereon	Over the unexpired period of the lease
Premises, plant and equipment	10%
Office equipment	20%
Furniture and fittings	20%
Motor vehicles	20%

All freehold buildings and leasehold premises with unexpired lease terms of more than 50 years are maintained to such a standard that the estimated residual values are considered to be equal to or greater than the net book values. Accordingly, no depreciation is provided on freehold buildings and leasehold premises with unexpired lease terms of more than 50 years; had depreciation been provided the charge for the period would have amounted to approximately RM0.3 million. The effect on the financial statements is not material.

**(k) Bills and acceptances payable**

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.



**(l) Forward exchange contracts**

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statements for the year.

Foreign exchange positions on spot contracts are valued at the prevailing rates of exchange at the balance sheet date. The resultant unrealised gains and losses are recognised in the income statements.

**(m) Interest rate swaps, futures, forward and option contracts**

The Bank acts as an intermediary with counterparties who wish to swap their interest rate obligations. The Bank also uses interest rate swaps, futures, forward and option contracts in its trading account activities and in overall interest rate risk management.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that qualify as hedges are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or expense. Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current year using the mark-to-market method, and are included in net result from dealing securities.

**(n) Currency translations**

Individual foreign currency assets and liabilities are stated in the balance sheet at spot rates of exchange which closely approximate those ruling at the balance sheet date. Income statements items are translated at rates prevailing on income statements in the year they arise.

**(o) Staff retirement and service benefits**

The Bank makes contributions to an approved defined benefit scheme in respect of certain employees. Such contributions, which are calculated with actuarial advice but limited to the maximum allowed for tax deduction, are charged against profits.

**(p) Deferred taxation**

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

#### 4. Cash and short term funds

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	142,160	216,451
Money at call and deposit placements maturing within one month	3,047,908	2,294,349
	<u>3,190,068</u>	<u>2,510,800</u>
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#### 5. Deposits and placements with financial institutions

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	85,000	374,002
Other financial institutions	235,800	279,500
	<u>320,800</u>	<u>653,502</u>
	=====	=====

#### 6. Dealing securities

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Money market instruments:-		
Malaysian Government treasury bills	88,194	-
Malaysian Government securities	95,844	5,199
Bank Negara Malaysia Bills	49,675	-
Cagamas bonds	55,353	-
Danamodal bonds	52,818	-
Unquoted corporate bonds	20,053	-
	<u>361,937</u>	<u>5,199</u>
	=====	=====

i) Market value of quoted securities:-

Malaysian Government treasury bills	88,177	-
Malaysian Government securities	96,129	5,175
Bank Negara Malaysia Bills	49,659	-
Cagamas bonds	55,485	-

Danamodal bonds

52,950

-

14

342,400

5,175

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## 7. Investment securities

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Money market instruments:-		
Malaysian Government treasury bills	50,280	585,290
Malaysian Government securities	491,400	217,000
Malaysian Government investment certificates	9,218	5,720
Bank Negara Malaysia bills	68,170	-
Cagamas bonds	312,000	95,000
Cagamas notes	25,000	115,830
Danamodal bonds	301,500	336,500
Negotiable instruments of deposit	1,269,000	160,000
Bankers' acceptances and Islamic accepted bills	294,096	593,068
Khazanah Islamic Bonds	45,000	30,000
	<hr/>	<hr/>
	2,865,664	2,138,408
Amortisation of premium less accretion of discounts	(32,853)	(83,788)
	<hr/>	<hr/>
	2,832,811	2,054,620
Unquoted investment (net)	49,310	18,238
	<hr/>	<hr/>
	2,882,121	2,072,858
	<hr/> <hr/>	<hr/> <hr/>
i) Market value of quoted securities:-		
Malaysian Government treasury bills	50,063	577,937
Malaysian Government securities	500,333	224,676
Malaysian Government investment certificates	9,385	5,720
Bank Negara Malaysia bills	68,043	-
Cagamas bonds	317,605	97,443
Cagamas notes	24,929	114,468
Danamodal bonds	266,074	274,752
Negotiable instruments of deposit	1,269,194	159,997
Bankers' acceptances and Islamic accepted bills	292,113	589,141
Khazanah Islamic bonds	43,920	27,975
	<hr/>	<hr/>
	2,841,659	2,072,109
	<hr/> <hr/>	<hr/> <hr/>

ii) The maturity structure of money market instruments held for investment are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>

Maturity within one year	2,461,311	1,433,120
One year to three years	371,500	621,500
	<hr/>	<hr/>
	2,832,811	2,054,620
	<hr/> <hr/>	<hr/> <hr/>



## 8. Loans, advances and financing

	Group and Bank	
	2000 RM'000	1999 RM'000
Overdrafts	2,547,351	2,578,966
Term loans		
- fixed rate	74,936	98,748
- floating rate	9,084,497	9,127,385
Credit card receivables	659,373	423,332
Bills receivable	1,178,251	1,405,128
Claims on customers under acceptance credits	172,071	46,969
Staff loans (Loans to directors - Nil for 2000 and RM220,000 for 1999)	140,582	134,178
	<hr/>	<hr/>
	13,857,061	13,814,706
Unearned interest and income	(45,564)	(60,516)
Mortgage loans sold to Cagamas	(762,762)	(834,041)
	<hr/>	<hr/>
Gross loans, advances and financing	13,048,735	12,920,149
Provision for bad and doubtful debts and financing		
- Specific	(516,539)	(491,993)
- General	(222,430)	(220,357)
Interest-in-suspense/Income-in-suspense	(282,287)	(232,932)
	<hr/>	<hr/>
Net loans, advances and financing	12,027,479	11,974,867
	=====	=====

i) The maturity structure of gross loans, advances and financing are as follows:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Maturity within one year	6,856,788	7,452,416
One year to three years	381,872	307,704
Three years to five years	525,935	395,389
Over five years	5,284,140	4,764,640
	<hr/>	<hr/>
	13,048,735	12,920,149
	=====	=====

ii) Loans, advances and financing analysed by their economic purposes are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	392,565	435,787
Mining and quarrying	9,491	11,849
Manufacturing	1,919,773	2,246,180
Electricity, gas and water	255,202	373,811
Construction	408,651	408,208
Real estate	164,491	180,431
Purchase of landed property	5,504,475	4,952,333
(of which - residential	5,221,123	4,644,028
- non-residential)	283,352	308,305
General commerce	1,348,288	1,347,472
Transport, storage and communication	286,540	293,210
Finance, insurance and business services	613,548	943,329
Purchase of securities	69,739	52,534
Consumption credit	659,373	423,332
Others	1,416,599	1,251,673
	13,048,735	12,920,149
	13,048,735	12,920,149

iii) Movements in the non-performing loans and financing (including interest and income receivable) are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,512,848	1,262,044
Non-performing during the year (gross)	878,055	437,211
Performing during the year	(389,278)	(39,104)
Recoveries	(344,351)	(98,985)
Amount written off	(76,870)	(48,318)
Other adjustments	(37,389)	-
	1,543,015	1,512,848
	1,543,015	1,512,848

Net non-performing loans ratio as percentage of total loans less specific provision, interest and income in suspense but including housing loans sold to Cagamas

5.72%	6.05%
5.72%	6.05%

- iv) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income-in-suspense accounts are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Provision</b>		
Balance as at 1 January	220,357	212,810
Provision made during the year	2,073	7,547
	<hr/>	<hr/>
Balance as at 31 December	222,430	220,357
	<hr/> <hr/>	<hr/> <hr/>
As percentage of total loans less specific provision, interest and income in suspense, net of loan granted to the Government of Malaysia but including housing loans sold to Cagamas	1.77%	1.75%
	<hr/> <hr/>	<hr/> <hr/>
<b>Specific provision</b>		
Balance as at 1 January	491,993	327,929
Provision made during the year	135,901	216,778
Amount written back in respect of recoveries	(48,717)	(27,619)
Amount written off	(33,392)	(20,891)
Other adjustments	(29,246)	(4,204)
	<hr/>	<hr/>
Balance as at 31 December	516,539	491,993
	<hr/> <hr/>	<hr/> <hr/>
<b>Interest-in-suspense/Income-in-suspense</b>		
Balance as at 1 January	232,932	155,884
Provision made during the year	140,482	158,287
Amount written back in respect of recoveries	(62,003)	(75,053)
Amount written off	(16,673)	(6,186)
Other adjustments	(12,451)	-
	<hr/>	<hr/>
Balance as at 31 December	282,287	232,932
	<hr/> <hr/>	<hr/> <hr/>

## 9. Other assets

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Other debtors, deposits and prepayments	202,654	98,774
	=====	=====

## 10. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Ordinance 1958; the amounts of which are determined as set percentages of total eligible liabilities.

## 11. Investment in subsidiary companies

	<b>Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost - in Malaysia	22	22
	=====	=====

The subsidiary companies of the Bank are as follows:-

<b>Name</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Percentage of equity held</b>	
			<b>2000</b>	<b>1999</b>
Cartaban (Malaya) Nominees Sdn. Bhd.	Nominee services	Malaysia	100%	100%
Cartaban Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	100%	100%
Cartaban Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	100%	100%

All income and expenditure of the subsidiary companies have been taken up by the Bank.

The amount owing to subsidiary companies are in respect of current accounts maintained by the subsidiary companies.

## 12. Property, plant and equipment

### Group and Bank

2000	Balance at 1.1.2000 RM'000	Addition RM'000	Disposal/ written off RM'000	Balance at 31.12.2000 RM'000
<i>Cost</i>				
Freehold land and building	748	-	(394)	354
Long term leasehold land and building	37,093	-	(29,963)	7,130
Short term leasehold land and building	26,573	173	-	26,746
Premises, plant and equipment	9,666	196	(2,865)	6,997
Office equipment	82,997	21,688	(27,934)	76,751
Furniture and fittings	11,804	1,676	(1,161)	12,319
Motor vehicles	3,701	-	(423)	3,278
	<u>172,582</u>	<u>23,733</u>	<u>(62,740)</u>	<u>133,575</u>

2000	Balance at 1.1.2000 RM'000	Charge for the year RM'000	Disposal/ written off RM'000	Balance at 31.12.2000 RM'000	Net book value as at 31.12.2000 RM'000
<i>Accumulated depreciation</i>					
Freehold land and building	-	-	-	-	354
Long term leasehold land and building	-	-	-	-	7,130
Short term leasehold land and building	7,272	1,767	-	9,039	17,707
Premises, plant and equipment	5,375	913	(1,710)	4,578	2,419
Office equipment	39,647	20,320	(27,123)	32,844	43,907
Furniture and fittings	5,109	2,423	(1,076)	6,456	5,863
Motor vehicles	1,645	712	(374)	1,983	1,295
	<u>59,048</u>	<u>26,135</u>	<u>(30,283)</u>	<u>54,900</u>	<u>78,675</u>

<b>1999</b>	<b>Balance at 1.1.1999 RM'000</b>	<b>Addition RM'000</b>	<b>Disposal/ written off RM'000</b>	<b>Balance at 31.12.1999 RM'000</b>
<i>Cost</i>				
Freehold land and building	748	-	-	748
Long term leasehold land and building	37,184	470	(561)	37,093
Short term leasehold land and building	17,727	9,058	(212)	26,573
Premises, plant and equipment	11,740	722	(2,796)	9,666
Office equipment	80,801	24,357	(22,161)	82,997
Furniture and fittings	10,524	2,727	(1,447)	11,804
Motor vehicles	6,038	847	(3,184)	3,701
	<u>164,762</u>	<u>38,181</u>	<u>(30,361)</u>	<u>172,582</u>

<b>1999</b>	<b>Balance at 1.1.1999 RM'000</b>	<b>Charge for the year RM'000</b>	<b>Disposal/ written off RM'000</b>	<b>Balance at 31.12.1999 RM'000</b>	<b>Net book value as at 31.12.1999 RM'000</b>
<i>Accumulated depreciation</i>					
Freehold land and building	-	-	-	-	748
Long term leasehold land and building	-	-	-	-	37,093
Short term leasehold land and building	5,607	1,802	(137)	7,272	19,301
Premises, plant and equipment	7,097	992	(2,714)	5,375	4,291
Office equipment	30,477	19,639	(10,469)	39,647	43,350
Furniture and fittings	4,244	2,295	(1,430)	5,109	6,695
Motor vehicles	2,775	991	(2,121)	1,645	2,056
	<u>50,200</u>	<u>25,719</u>	<u>(16,871)</u>	<u>59,048</u>	<u>113,534</u>

The property, plant and equipment transferred from Standard Chartered Bank Malaysia Branch in 1994 are included above at their original cost and accumulated depreciation.

### 13. Deposits from customers

	Group and Bank	
	2000	1999
	RM'000	RM'000
Demand deposits	3,163,375	2,988,143
Savings deposits	2,273,913	2,119,081
Fixed deposits	7,958,824	7,824,895
Negotiable instruments of deposits	80,450	109,450
	<u>13,476,562</u>	<u>13,041,569</u>
	=====	=====

i) Maturity structure of deposits from customers are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Due within six months	12,381,302	7,007,008
Six months to one year	980,716	816,546
One year to three years	99,544	80,391
More than three years	15,000	30,400
	<u>13,476,562</u>	<u>7,934,345</u>
	=====	=====

ii) The deposits are sourced from the following types of customers:-

Business enterprises	4,431,255	3,314,156
Individuals	8,093,263	7,821,002
Others	952,044	1,906,411
	<u>13,476,562</u>	<u>13,041,569</u>
	=====	=====

### 14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2000	1999
	RM'000	RM'000
Licensed banks	390,000	507,360
Licensed finance companies	15,000	20,000
Other financial institutions	942,720	640,887
	<u>1,347,720</u>	<u>1,168,247</u>
	=====	=====





**15. Other liabilities**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Taxation	103,261	12,869
Other liabilities	478,143	363,430
Proposed dividend of 288% less tax (1999 - 193% less tax)	309,600	210,600
	<u>891,004</u>	<u>586,899</u>
	=====	=====

i) Movements in provision for commitments and contingencies are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	-	320
Provision made during the year	-	190
Amount written back in respect of recoveries	-	(510)
	<u>-</u>	<u>-</u>
Balance as at 31 December	-	-
	=====	=====

**16. Share capital**

	<b>Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Ordinary shares of RM1 each:		
Authorised	1,000,000	1,000,000
	=====	=====
Issued and fully paid	125,000	125,000
	=====	=====

**17. Reserves**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-distributable:		
Share premium	375,000	375,000
Statutory reserve	125,000	125,000
	<u>500,000</u>	<u>500,000</u>

Distributable:		
Retained profits	612,501	607,121
	<hr/>	<hr/>
	1,112,501	1,107,121
	<hr/> <hr/>	<hr/> <hr/>

The statutory reserve are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

The Bank has sufficient tax exempt income and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment as dividends all of its retained profits at 31 December 2000.

## 18. Interest income

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	975,539	1,061,531
Money at call and deposit placements with financial institutions	193,147	136,008
Dealing securities	6,275	2,581
Investment securities	90,610	88,263
Others	84,574	91,722
	<hr/>	<hr/>
	1,350,145	1,380,105
Amortisation of premium less accretion of discounts	(2,468)	12,007
Net interest suspended	(66,028)	(83,234)
	<hr/>	<hr/>
	1,281,649	1,308,878
	<hr/> <hr/>	<hr/> <hr/>

## 19. Interest expense

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	206,474	206,396
Deposits from other customers	374,816	436,144
	<hr/>	<hr/>
	581,290	642,540
	<hr/> <hr/>	<hr/> <hr/>

## 20. Loan and financing loss and provision

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision for bad and doubtful debts and financing:-		
- specific provision (net)	87,185	188,839
- general provision	2,073	7,547
Bad debts and financing:		

- written off	26,869	21,143
- recovered	(40,057)	(24,770)
	<hr/>	<hr/>
	76,070	192,759
	<hr/> <hr/>	<hr/> <hr/>

**21. Non-interest income**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Fee income:		
Commission	124,002	105,788
Service charges and fees	28,299	32,840
Guarantee fees	14,517	10,333
	<u>166,818</u>	<u>148,961</u>
	-----	-----
Investment income:		
Net profit from dealing securities	2,662	3,110
Gain on disposal of investment securities	16,599	14,814
Gross dividends from unquoted investments	706	623
	<u>19,967</u>	<u>18,547</u>
	-----	-----
Other income:		
Foreign exchange gain	67,290	52,212
Rental income	1,670	1,275
Gain on disposal of property, plant and equipment	11,109	2,901
Other non-operating income	(11,310)	8,089
	<u>68,759</u>	<u>64,477</u>
	-----	-----
	255,544	231,985
	=====	=====
Income from SPI operation	4,943	6,520
Expenses from SPI operation	(2,584)	(4,636)
	<u>2,359</u>	<u>1,884</u>
Net SPI income	=====	=====

## 22. Overhead expenses

	Group and Bank	
	2000	1999
	RM'000	RM'000
Personnel costs	198,077	157,986
Establishment costs	143,333	132,068
Marketing expenses	22,426	25,085
Administration and general expenses	58,901	53,887
	<u>422,737</u>	<u>369,026</u>
	=====	=====

The above expenditure includes the following statutory disclosures:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Directors' remuneration (Note 24)	1,836	2,102
Rental of premises	14,180	13,596
Hire of equipment	683	589
Auditors' remuneration	300	300
Depreciation of property, plant and equipment	26,135	25,719
Retirement benefit costs	17,941	18,857
Voluntary separation scheme staff cost	34,290	-
	=====	=====

	Group and Bank	
The number of employees as at end of financial year	1,997	2,040
	=====	=====

## 23. Significant related party transactions

	Group and Bank	
	2000	1999
	RM'000	RM'000
Standard Chartered Bank Group of Companies		
Income		
Interest on fixed deposit	57,049	53,548
Interest on advances	3,352	3,130
	<u>60,401</u>	<u>56,678</u>
	=====	=====
Expenditure		
Interest on fixed deposit	65,797	85,193

Interest on advances	17,567	12,781
Information technology recharges	54,776	36,769
	<u>138,140</u>	<u>134,743</u>
	=====	=====

## 24. Directors' remuneration

Forms of remuneration in aggregate for all directors charged to the profit for the year are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Fees	153	138
Other remuneration - Executive directors	1,667	1,948
- Non-executive directors	16	16
	<u>1,836</u>	<u>2,102</u>
	=====	=====

The estimated cash value of benefit-in-kind of directors amounted to RM449,096 (1999 - RM230,822).

The remuneration attributable to the Chief Executive Officer of the Bank, including benefits-in-kind during the year amounted to RM2,115,957 (1999 - RM1,672,588).

## 25. Taxation

	Group and Bank	
	2000	1999
	RM'000	RM'000
Malaysian income tax		
- current year provision	144,475	131
	<u>144,475</u>	<u>131</u>
	=====	=====

The effective tax rate of the Group and of the Bank in 2000 is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

Last year's tax expense was in respect of dividend income and no further provision for tax was made in the Group and the Bank's accounts for the year ended 31 December 1999 in view of the tax waiver in 1999 which was gazetted in the Income Tax (Amendment) Act, 1999 on 8 July 1999.

## 26. Deferred taxation

Subject to agreement by the Inland Revenue Board, the Group and the Bank have other timing differences of RM152,000,000 (1999 - RM112,000,000).

## 27. Earnings per share

The earnings per ordinary share have been calculated based on the net profit after taxation and on the weighted average number of 125,000,000 (1999 - 125,000,000) ordinary shares of RM1 each in issue during the year.





## 28. 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.

Risk weighted exposures of the Bank as at 31 December are as follows:-

	Group and Bank 2000		Group and Bank 1999	
	Principal amount RM'000	Credit equivalent amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000
Direct credit substitutes	519,205	519,205	617,321	617,321
Transaction-related contingent items	2,129,600	1,064,800	2,142,765	1,071,383
Short-term self liquidated trade-related contingencies	306,304	61,261	526,460	105,292
Housing loans sold directly and indirectly to Cagamas Berhad with recourse	762,762	762,762	834,041	834,041
Irrevocable commitments to extend credit:-				
- maturity more than one year	2,227,128	1,113,564	1,829,884	914,942
- maturity less than one year	1,989,623	-	1,443,783	-
Foreign exchange related contracts				
- less than one year	7,822,095	210,957	4,846,797	103,815
- one year to less than five years	405,420	12,987	580,268	110,306
Interest rate related contracts				
- less than one year	3,106,737	15,524	3,478,700	9,174
- one year to less than five years	1,807,962	35,906	2,242,091	15,015
Miscellaneous commitments and contingencies	687,865	-	937,045	-
	<u>21,764,701</u>	<u>3,796,966</u>	<u>19,479,155</u>	<u>3,781,289</u>
	=====	=====	=====	=====

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

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

**Market Risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2000, the amount of foreign exchange contracts which were not hedged and, hence, exposed to market risk was RM11,980,000 (1999 - RM111,862,000).

**Credit Risk**

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at end of 31 December 2000, the amounts of credit risk, measured in term of the cost to replace the profitable foreign exchange contracts, was RM144,440,000 (1999 - RM99,024,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Details of the Bank's foreign exchange contracts and interest rate contracts at 31 December 2000 are as follows:

	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange contracts		
- forward and futures contracts	6,758,446	4,118,617
- cross-currency interest rate swaps	406,827	593,988
- options purchases	531,121	357,230
- options written	531,121	357,230
	=====	=====
Interest rate contracts		
- forward and future contracts	3,897,000	5,041,000
- swaps	1,017,699	679,791
	=====	=====

**29. Lease commitments**

The Bank and the Group have lease commitments in respect of rented premises, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:-

<b>Year</b>	<b>RM'000</b>
2001	20,514
2002	19,855
2003	16,870
	=====

**30. Capital commitments**

<b>Group and Bank</b>	
<b>2000</b>	<b>1999</b>

	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure:		
- authorised and contracted for	5,272	1,654
- authorised but not contracted for	1,744	1,940
	<hr/>	<hr/>
	7,016	3,594
	<hr/> <hr/>	<hr/> <hr/>

### 31. Capital adequacy

The capital adequacy ratio of the Bank is analysed as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Tier 1 Capital		
Paid-up share capital	125,000	125,000
Share premium	375,000	375,000
Other reserves	737,501	732,121
	<hr/>	<hr/>
Total Tier 1 Capital	1,237,501	1,232,121
	<hr/>	<hr/>
Tier-2 Capital		
General provisions for bad and doubtful debts and financing	222,430	220,357
	<hr/>	<hr/>
Total Tier - 2 Capital	222,430	220,357
	<hr/>	<hr/>
Total capital	1,459,931	1,452,478
Less: Investment in subsidiaries	(22)	(22)
	<hr/>	<hr/>
Total Capital Base	1,459,909	1,452,456
	<hr/>	<hr/>

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

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
0%	5,129,001	5,388,236
10%	400,559	211,426
20%	3,842,887	2,827,217
50%	5,835,729	5,385,683
100%	8,788,203	8,709,216
	<hr/>	<hr/>
	23,996,379	22,521,778
	<hr/>	<hr/>
Total risk-weighted assets	12,514,701	11,988,644
	<hr/>	<hr/>
Capital Ratios		
Core capital ratio	9.89%	10.28%
Risk-weighted capital ratio	11.66%	12.12%
	<hr/>	<hr/>

### 32. Comparative figures

Following the adoption of Malaysian Accounting Standard Board (MASB) Standards in the preparation of this set of financial statements, the presentation of certain items in the financial statements have been amended.

### 33. The operations of SPI

## Standard Chartered Bank Malaysia Berhad

### SPI Operation

(Incorporated in Malaysia)

### Balance sheet as at 31 December 2000

		<b>Group and Bank</b>	
		<b>2000</b>	<b>1999</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	(1)	1,658	906
Dealing securities	(2)	20,283	-
Investment securities	(3)	29,760	56,381
Loans, advances and financing	(4)	33,441	43,578
Other assets	(5)	274	96
Deposits with Bank Negara Malaysia		1,014	59
		-----	-----
<b>Total assets</b>		<b>86,430</b>	<b>101,020</b>
		=====	=====
<b>Liabilities and shareholders' funds</b>			
Deposits from customers	(6)	58,913	86,279
Deposits and placements of banks and other financial institutions	(7)	15,000	-
Other liabilities	(8)	4,372	7,932
		-----	-----
<b>Total liabilities</b>		<b>78,285</b>	<b>94,211</b>
		-----	-----
<b>Interest-free Banking Fund</b>	(9)	<b>8,145</b>	<b>6,809</b>
		-----	-----
<b>Total liabilities and interest-free banking funds</b>		<b>86,430</b>	<b>101,020</b>
		=====	=====

The accompanying Notes form an integral part of the financial statements





**Standard Chartered Bank Malaysia Berhad**  
**SPI Operation**  
(Incorporated in Malaysia)

**Income statement for the year ended**  
**31 December 2000**

		<b>Group and Bank</b>	
		<b>2000</b>	<b>1999</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Income	(10)	2,359	1,884
Loans and financing loss and provision	(11)	(151)	(664)
		-----	-----
Net income		2,208	1,220
Overhead expenses	(12)	(872)	(258)
		-----	-----
Profit for the year		1,336	962
Retained profit brought forward		1,809	847
		-----	-----
Retained profit carried forward		3,145	1,809
		=====	=====

The accompanying Notes form an integral part of the financial statements

**(1) Cash and short-term funds**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	1,658	906
	=====	=====

**(2) Dealing securities**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Money market instruments:		
Unquoted corporate bonds	20,283	-
	=====	=====

**(3) Investment securities**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Money market instruments:		
Malaysian Government investment issues	9,218	5,869
Khazanah Islamic Bonds	15,000	13,897
Islamic accepted bills	6,033	36,805
	-----	-----
	30,251	56,571
Amortisation of premiums less accretion of discounts	(491)	(190)
	-----	-----
	29,760	56,381
	=====	=====

## Market value of quoted securities

Malaysian Government investment issues	9,385	5,869
Khazanah Islamic Bonds	14,640	13,897
Islamic accepted bills	6,007	36,615
	-----	-----
	30,032	56,381
	=====	=====

The maturity structure of money market instruments held for investment are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	29,760	42,484
One year to three years	-	13,897
	-----	-----

29,760

=====

56,381

=====

**(4) Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Term financing	74,936	98,748
Unearned income	(40,554)	(54,506)
	<hr/>	<hr/>
Gross loans, advances and financing	34,382	44,242
Provision for bad and doubtful debts and financing:		
- Specific	(298)	-
- General	(517)	(664)
Income - in-suspense	(126)	-
	<hr/>	<hr/>
Total net loans, advances and financing	33,441	43,578
	<hr/> <hr/>	<hr/> <hr/>

Loans, advances and financing analysed by concepts are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Al-Bai' Bithaman Ajil	34,382	44,242
	<hr/> <hr/>	<hr/> <hr/>

The maturity structure of loans, advances and financing are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	-	-
One year to three years	348	11
Three years to five years	375	410
Over five years	33,659	43,821
	<hr/>	<hr/>
	34,382	44,242
	<hr/> <hr/>	<hr/> <hr/>

Loans, advances and financing analysed by their economic purposes are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Housing	34,382	44,242
	<hr/> <hr/>	<hr/> <hr/>

Movements in the non-performing loans and financing (including income receivables) are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,780	-
Non-performing during the year (gross)	1,117	1,780
	<hr/>	<hr/>
Balance as at 31 December	2,897	1,780
	<hr/> <hr/>	<hr/> <hr/>
Total general provision	2,897	1,780
	<hr/> <hr/>	<hr/> <hr/>

Movements in the provision for bad and doubtful debts and financing and income-in-suspense are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Provision</b>		
Balance as at 1 January	664	-
Amount written back during the year	(147)	664
	<hr/>	<hr/>
Balance as at 31 December	517	664
	<hr/> <hr/>	<hr/> <hr/>
<b>Specific provision</b>		
Balance as at 1 January	-	-
Provision made during the year	298	-
	<hr/>	<hr/>
Balance as at 31 December	298	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Income-in-suspense</b>		
Balance as at 1 January	-	-
Provision made during the year	126	-
	<hr/>	<hr/>
Balance as at 31 December	126	-
	<hr/> <hr/>	<hr/> <hr/>

#### **(5) Other assets**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Other debtors, deposits and prepayments	241	95

		47
Property, plant and equipment	33	1
	<u>274</u>	<u>96</u>
	<u><u>274</u></u>	<u><u>96</u></u>

**(6) Deposits from customers**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Savings deposits	23,315	21,989
General investment deposits	35,598	64,290
	_____	_____
Total deposits	58,913	86,279
	=====	=====

Maturity structure of investment deposits are as follows:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	34,620	63,023
Six months to one year	932	1,267
One year to three years	46	-
	_____	_____
	35,598	64,290
	=====	=====

The deposits are sourced from the following customers:-

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	1,681	2,824
Individuals	54,053	70,428
Others	3,179	13,027
	_____	_____
	58,913	86,279
	=====	=====

**(7) Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed finance companies	15,000	-
	_____	_____

**(8) Other liabilities**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing payable	3,933	7,567



Accrued expenditure	200	-
Other liabilities (dividend payable)	239	365
	<u>4,372</u>	<u>7,932</u>
	<u><u>4,372</u></u>	<u><u>7,932</u></u>

**(9) Interest-free banking fund (IBF)**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Funds allocated from Head Office	5,000	5,000
Retained profits	3,145	1,809
	<hr/>	<hr/>
	8,145	6,809
	=====	=====

**(10) Income from SPI operation**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' fund 4,641	6,207	
Income attributable to depositors	(2,499)	(4,628)
Banks and financial institutions	(77)	7
	<hr/>	<hr/>
Income attributable to bank	2,065	1,586
Other SPI Income	294	298
	<hr/>	<hr/>
	2,359	1,884
	=====	=====

Details of the income derived from investment of depositors and funds allocated from Head Office are as follows:-

<b>2000</b>	<b>Depositors' Funds</b>	<b>IBF</b>
	<b>RM'000</b>	<b>RM'000</b>
Income from financing	3,106	-
Investment Income:		
Net profit from dealing securities	124	105
Gains from sale of investment securities	650	-
Gross dividends from Malaysia:-		
Investment securities	761	185
Fee income:-		
Service charges and fees	-	4
	<hr/>	<hr/>
	4,641	294
	=====	=====

<b>1999</b>	<b>Depositors' Funds</b>	<b>IBF</b>
	<b>RM'000</b>	<b>RM'000</b>
Income from financing	3,144	-
Investment Income:		
Gains from sale of investment securities	2,459	-
Gross dividends from Malaysia:		
Investment securities	606	298
Other income:		
Loss on disposal of property, plant and equipment (2)	-	
	<u>6,207</u>	<u>298</u>
	=====	=====

### **(11) Provision on Islamic loans and financing**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision for bad and doubtful debts and financing:		
- specific provision (net)	298	-
- general provision	(147)	664
	<u>151</u>	<u>664</u>
	=====	=====

### **(12) Overhead expenses**

	<b>Group and Bank</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Personnel cost	561	221
Establishment cost	89	19
Marketing expenses	195	6
Administration and general expenses	27	12
	<u>872</u>	<u>258</u>
	=====	=====

**Report of the auditors to the members of  
Standard Chartered Bank Malaysia Berhad**  
(Company No. 115793 P)  
(Incorporated in Malaysia)  
**and its subsidiary companies**

We have audited the financial statements set out on pages 12 to 45. The preparation of the financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Bank at 31 December 2000 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Bank;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Bank and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

None of the audit reports on the financial statements of the subsidiary companies were subject to any qualification nor included any comment under sub-section (3) of Section 174 of the Act.

KPMG  
Firm Number: AF 0758  
Public Accountants

SEOW YOO LIN

Partner

Approval Number: 1497/2/03(J)

Kuala Lumpur,

Date: 13 February 2001