

Financial Statements

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Directors' Report

The directors have pleasure in submitting their report and the audited accounts of the Bank and of the Group for the year ended June 30, 2000.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking in all its aspects which also include Islamic banking business. The principal activities of the subsidiary companies are disclosed in Note 9 to the accounts.

There have been no significant changes in these activities during the year.

RESULTS

	The Bank RM'000	The Group RM'000
Profit before taxation	1,544,401	2,137,488
Taxation	(523,896)	(763,525)
Profit after taxation	1,020,505	1,373,963
Minority interest	–	(13,558)
Profit after taxation and minority interest	1,020,505	1,360,405
Transfer to statutory reserves	(256,000)	(319,729)
Profit retained for the year	764,505	1,040,676
Retained profits brought forward	729,824	1,235,883
Profits available for appropriation	1,494,329	2,276,559
Dealt with as follows:		
Transfer to general reserve	(205,000)	(339,000)
Dilution arising from issue of new shares in subsidiary companies	–	(4,032)
Dividends	(304,117)	(304,117)
	(509,117)	(647,149)
Retained profits carried forward	985,212	1,629,410

ISSUE OF SHARES

During the year, the Bank increased its issued and fully paid up share capital from RM2,308,660,614 to RM2,337,975,214 by the issue of 29,314,600 new ordinary shares of RM1.00 each to eligible persons who exercised their options under the Maybank Group Employee Share Option Scheme (ESOS). The issue of 29,314,600 new ordinary shares consist of the following:

- 24,451,800 at the option price of RM4.42 per share;
- 4,516,000 at the option price of RM6.83 per share;
- 346,600 at the option price of RM12.75 per share; and
- 200 at the option price of RM16.25 per share.

The new shares issued rank pari passu in all respects with the then existing shares of the Bank.

DIVIDENDS

Dividends paid by the Bank since June 30, 1999 are:

- a final dividend of 9% less 28% income tax for the year ended June 30, 1999 amounting to RM150,812,203. This includes dividends amounting to RM1,210,995 paid on shares issued on the exercise of options under the ESOS; and
- an interim dividend of 5% less 28% income tax for the year ended June 30, 2000 amounting to RM84,071,218.

DIVIDENDS (CONT'D)

The directors recommend the payment of a final dividend of 13% less 28% income tax for the year ended June 30, 2000 amounting to RM218,834,480.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME

Under the Maybank Group Employee Share Option Scheme (ESOS or the Scheme) approved by the shareholders,

- i. The maximum number of new shares which may be available under ESOS shall be eight point seven five percent (8.75%) or a higher percentage, as may be allowed by the relevant authorities, of the enlarged issued and paid-up share capital of the Bank during the existence of the Scheme.
- ii. The eligible persons are employees of the Group who have served the Group for a continuous period of at least twenty four (24) months as at the Date of Offer and directors who hold office in executive capacities in the Group. The eligibility for participation in the Scheme shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.
- iii. The number of shares to be offered shall not be less than two hundred (200) ordinary shares and up to a maximum of five hundred thousand (500,000) ordinary shares.
- iv. The Option period is for five (5) years and shall expire on June 22, 2003.
- v. The Option price shall be the average of the mean market quotation (computed as the average of the highest and lowest prices transacted) as shown in the daily official list issued by the Kuala Lumpur Stock Exchange (KLSE) for the five (5) preceding market days prior to the Date of Offer or at RM1 whichever is the higher.
- vi. The shares to be allotted upon any exercise of the Option will, upon allotment, rank pari passu in all respects with the then existing issued shares of the Bank.

Details of the share options granted under the Scheme during the financial year are as follows:

	Balance At 1.7.1999	No. Of Share Options			Balance At 30.6.2000
		Granted	*Lapsed	Exercised	
Option price of RM4.42	68,508,400	–	(649,400)	(24,451,800)	43,407,200
Option price of RM6.83	9,617,200	–	(264,600)	(4,516,000)	4,836,600
Option price of RM12.75	–	6,158,600	(195,400)	(346,600)	5,616,600
Option price of RM16.25	–	4,571,200	(92,400)	(200)	4,478,600

* due to resignations or offers not taken up

Assuming full exercise of the unexercised options as at June 30, 2000, the additional number of ordinary shares of the Bank to be issued under the Scheme would be 58,339,000.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year ended June 30, 2000 other than those disclosed in the accounts.

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets of the Bank and of its subsidiary companies were made up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate provisions have been made for doubtful debts.

Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS (CONT'D)

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the accounts of the Bank and its subsidiary companies inadequate to any substantial extent.

CURRENT ASSET

Before the profit and loss accounts and balance sheets of the Bank and of its subsidiary companies were made up, the directors took reasonable steps to ensure that any current assets, which were unlikely to realise, in the ordinary course of business, their values as stated in the accounting records of the Bank and its subsidiary companies have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Bank and its subsidiary companies misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the accounts of the Bank and of its subsidiary companies misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a. any charge on the assets of the Bank or of its subsidiary companies which has arisen since June 30, 2000 which secures the liabilities of any other person; or
- b. any contingent liability in respect of the Bank or of its subsidiary companies that has arisen since June 30, 2000 other than those arising from normal business operations.

No contingent liability or other liability of the Bank or of its subsidiary companies has become enforceable, or is likely to become enforceable, within the period of twelve months from June 30, 2000 which, in the opinion of the directors, will or may affect the ability of the Bank or its subsidiary companies to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the accounts of the Bank and of its subsidiary companies, which would render any amount stated in the accounts misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

- a. the results of the operations of the Bank and of its subsidiary companies for the year ended June 30, 2000 were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b. there has not arisen in the interval between June 30, 2000 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank and of its subsidiary companies for the financial year in which this report is made.

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors of the Bank in office since the date of the last Directors' Report and at the date of this Directors' Report are:

Tan Sri Mohamed Basir bin Ahmad (Chairman)
 Dato' Richard Ho Ung Hun (Vice-Chairman)
 Datuk Amirsham A Aziz (Managing Director)
 Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali
 Mohammad bin Abdullah
 Dato' Mohd Hilmey bin Mohd Taib
 Haji Mohd. Hashir bin Haji Abdullah
 Dato' Ismail Shahudin (Executive Director)
 Teh Soon Poh
 Datuk Haji Abdul Rahman bin Mohd Ramli – appointed on November 17, 1999
 Dato' Mohd. Salleh bin Hj. Harun (Executive Director) – resigned on May 16, 2000

Dato' Ismail Shahudin and Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali retire by rotation in accordance with Article 96 of the Bank's Articles of Association and, being eligible, offer themselves for re-election.

Datuk Haji Abdul Rahman bin Mohd Ramli retires in accordance with Article 100 of the Bank's Articles of Association and, being eligible, offers himself for re-election.

Dato' Richard Ho Ung Hun, being over seventy years of age, retires in accordance with Section 129 of the Companies Act, 1965 and offers himself for reappointment to hold office until the conclusion of the next Annual General Meeting.

Details of directors' interests in the shares of the Bank during the year covered by the profit and loss account are as follows:

	No. Of Ordinary Shares of RM1 Each			Balance At 30.6.2000
	Balance At 1.7.1999	Addition	Disposal	
Tan Sri Mohamed Basir bin Ahmad	12,000	–	–	12,000
Datuk Amirsham A Aziz	39,000	–	–	39,000
Dato' Ismail Shahudin	5,000	–	–	5,000
Teh Soon Poh	3,504	–	–	3,504

Directors' Report (cont'd)

DIRECTORS AND THEIR INTERESTS IN SHARES (CONT'D)

The following directors who held office at June 30, 2000 are deemed to have interest in the shares of the Bank by virtue of options granted under the Maybank Group Employee Share Option Scheme:

	Unexercised Options At 1.7.1999	No. Of Share Options		Unexercised Options At 30.6.2000
		Granted	Exercised	
Datuk Amirsham A Aziz				
– at the option price of RM4.42	135,000	–	–	135,000
– at the option price of RM12.75	–	10,000	–	10,000
Dato' Ismail Shahudin				
– at the option price of RM4.42	50,000	–	–	50,000
– at the option price of RM6.83	8,000	–	–	8,000

None of the directors, who held office at June 30, 2000, have any other interests in the shares of the Bank and of its subsidiary companies during the year covered by the profit and loss account.

DIRECTOR'S BENEFITS

The Bank had entered into a tenancy agreement with a director, Dato' Richard Ho Ung Hun, for the Bank to rent a unit of four-storey shophouse to be used as branch premises. The agreement, which was for a three-year term, expired on June 30, 2000 and was subsequently renewed for a further three years. The relevant parties have the option to renew the agreement for up to a maximum of five terms.

Apart from the tenancy agreement as mentioned above and the options granted to certain directors under the Maybank Group Employee Share Option Scheme as set out in the preceding section,

- since the end of the last financial year, no director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts or the fixed salary of a full-time employee of the Bank, or of a subsidiary company) by reason of a contract made by the Bank or a subsidiary company with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest; and
- neither during nor at the end of the financial year was the Bank a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

RATINGS BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating Agency	Date	Rating Classification	Rating Received
Moody's Investors Service	March 28, 2000	<ul style="list-style-type: none"> • Long term deposits • Short term deposits • Subordinated long term debts • Financial strength rating • Possible direction 	Ba 1 Not prime Ba 1 D Up
Standard & Poor's	May 10, 2000	<ul style="list-style-type: none"> • Long term counterparty • Short term counterparty • Subordinated notes • Outlook 	BBB- A-3 BB+ Developing
Rating Agency Malaysia Berhad	January 7, 2000	<ul style="list-style-type: none"> • Long term • Short term 	AA1 P1

BUSINESS OUTLOOK

The prospects for the Malaysian economy continue to be positive with GDP growth over the next twelve months expected to be sustained at around 6.5%. Stable economic growth is also expected in most of the countries where the Group has operations. Capitalising on this positive business environment, the Group will strategise to improve its performance further and hence, maintain its position as the leading financial group in Malaysia. This is to be realised through greater leverage on technology and knowledge, strengthening sales culture across the Group, continuing to build up infrastructure for sales, maximising the benefits of back-office centralisation, strengthening risk management framework and exploiting non-traditional fee income sources. The Group will also place strong emphasis on post-merger integration activities with a view of preserving and enhancing the values of the acquired entities.

Based on this, the Group anticipates to perform better in the next financial year.

AUDITORS

Salleh, Leong, Azlan & Co. are not seeking reappointment.

On behalf of the Board,



TAN SRI MOHAMED BASIR BIN AHMAD
Chairman



AMIRSHAM A AZIZ
Managing Director

Kuala Lumpur,
August 29, 2000

Balance Sheets

as at June 30, 2000

		The Bank		The Group	
		2000	1999	2000	1999
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	3	13,038,751	9,244,014	16,195,460	10,192,512
Securities purchased under resale agreements		123,721	87,007	178,435	101,994
Deposits and placements with financial institutions	4	5,235,991	4,449,440	5,840,184	4,820,799
Dealing securities	5	1,402	73,667	875,561	200,300
Investment securities	6	11,566,349	11,041,074	18,525,301	20,189,624
Loans and advances	7	61,606,462	57,489,376	79,826,134	76,301,383
Investment in associated companies	8	6,180	6,180	13,366	12,939
Investment in subsidiary companies	9	1,766,546	1,745,221	–	–
Other assets	10	1,063,239	827,760	2,111,478	1,955,269
Statutory deposits with Central Banks	11	1,855,797	1,902,766	2,608,060	2,661,535
Fixed assets	12	792,196	725,447	1,148,429	1,042,174
		97,056,634	87,591,952	127,322,408	117,478,529
Liabilities					
Deposits from customers	13	60,260,443	57,581,079	81,866,589	77,551,009
Deposits and placements of banks and other financial institutions	14	15,851,025	11,423,374	20,090,516	17,252,250
Obligations on securities sold under repurchase agreements		3,774,358	2,471,177	3,948,241	3,131,040
Bills and acceptances payable		5,599,086	4,855,602	5,667,843	4,985,886
Other liabilities	15	1,868,921	1,733,956	4,172,759	3,464,144
Subordinated obligations	16	950,000	1,630,000	950,000	1,630,000
		88,303,833	79,695,188	116,695,948	108,014,329
Shareholders' Funds					
Share capital	17	2,337,975	2,308,661	2,337,975	2,308,661
Reserves	18	6,414,826	5,588,103	8,021,746	6,908,459
		8,752,801	7,896,764	10,359,721	9,217,120
Minority Interest		–	–	266,739	247,080
		97,056,634	87,591,952	127,322,408	117,478,529
Commitments And Contingencies					
	30	53,671,268	60,598,746	62,670,114	68,383,859

The notes on pages 63 to 114 form part of these accounts.

Profit And Loss Accounts

for the year ended June 30, 2000

	Note	The Bank		The Group	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest income	19	5,135,764	6,528,776	7,566,100	9,608,871
Interest expense	20	(2,572,534)	(4,078,016)	(3,769,139)	(6,148,469)
Net interest income		2,563,230	2,450,760	3,796,961	3,460,402
Income from Islamic Banking Scheme operation	36(k)	93,162	70,372	187,166	107,857
Non-interest income	21	2,656,392 852,277	2,521,132 921,747	3,984,127 1,264,794	3,568,259 1,151,790
Net income		3,508,669	3,442,879	5,248,921	4,720,049
Overhead expenses	22	(1,114,650)	(996,096)	(1,593,749)	(1,437,463)
Operating profit		2,394,019	2,446,783	3,655,172	3,282,586
Loan loss and provision	23	(849,618)	(1,578,038)	(1,520,327)	(2,273,893)
		1,544,401	868,745	2,134,845	1,008,693
Share of profits in associated companies		–	–	2,643	2,256
Profit before taxation		1,544,401	868,745	2,137,488	1,010,949
Taxation	26	(523,896)	(58,958)	(763,525)	(58,689)
Profit after taxation		1,020,505	809,787	1,373,963	952,260
Minority interest		–	–	(13,558)	17,606
Net profit for the year		1,020,505	809,787	1,360,405	969,866
Transfer to statutory reserves	18	(256,000)	(203,762)	(319,729)	(209,894)
Profit retained for the year		764,505	606,025	1,040,676	759,972
Retained profits brought forward		729,824	487,781	1,235,883	900,839
Profits available for appropriation		1,494,329	1,093,806	2,276,559	1,660,811
Dealt with as follows:					
Transfer to general reserve	18	(205,000)	(164,869)	(339,000)	(186,642)
Transfer to capital reserve	18	–	–	–	(14,697)
Dilution arising from issue of new shares in subsidiary companies		–	–	(4,032)	(24,476)
Dividends	28	(304,117)	(199,113)	(304,117)	(199,113)
		(509,117)	(363,982)	(647,149)	(424,928)
Retained profits carried forward	18	985,212	729,824	1,629,410	1,235,883
Earnings per share	29				
– Basic		43.8 sen	35.3 sen	58.4 sen	42.3 sen
– Fully diluted		43.1 sen	34.9 sen	57.4 sen	41.8 sen
Dividends per share, net of income tax	28				
– Interim dividend		3.6 sen	2.2 sen	3.6 sen	2.2 sen
– Final dividend		9.4 sen	6.5 sen	9.4 sen	6.5 sen

The notes on pages 63 to 114 form part of these accounts.

Statements Of Changes In Equity

for the year ended June 30, 2000

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
The Bank								
Balance at July 1, 1998	2,286,828	-	1,774,066	-	128,248	2,546,251	487,781	7,223,174
Net losses not recognised in the income statement	-	-	-	-	(36,637)	-	-	(36,637)
Net profit for the year	-	-	-	-	-	-	809,787	809,787
Transfer to statutory reserve	-	-	203,762	-	-	-	(203,762)	-
Transfer to general reserve	-	-	-	-	-	164,869	(164,869)	-
Issue of shares	21,833	77,720	-	-	-	-	-	99,553
Dividends	-	-	-	-	-	-	(199,113)	(199,113)
Balance at June 30, 1999	2,308,661	77,720	1,977,828	-	91,611	2,711,120	729,824	7,896,764
Net losses not recognised in the income statement	-	-	-	-	(3,694)	-	-	(3,694)
Net profit for the year	-	-	-	-	-	-	1,020,505	1,020,505
Transfer to statutory reserve	-	-	256,000	-	-	-	(256,000)	-
Transfer to general reserve	-	-	-	-	-	205,000	(205,000)	-
Issue of shares	29,314	114,029	-	-	-	-	-	143,343
Dividends	-	-	-	-	-	-	(304,117)	(304,117)
Balance at June 30, 2000	2,337,975	191,749	2,233,828	-	87,917	2,916,120	985,212	8,752,801

The notes on pages 63 to 114 form part of these accounts.

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
The Group								
Balance at								
July 1, 1998	2,286,828	–	2,254,214	350	179,746	2,785,539	900,839	8,407,516
Net gains/(losses) not recognised in the income statement	–	–	11,265	–	(54,028)	6,334	–	(36,429)
Net profit for the year	–	–	–	–	–	–	969,866	969,866
Transfer to statutory reserve	–	–	209,894	–	–	–	(209,894)	–
Transfer to capital reserve	–	–	–	14,697	–	–	(14,697)	–
Transfer to general reserve	–	–	–	–	–	186,642	(186,642)	–
Issue of shares	21,833	77,720	–	–	–	–	–	99,553
Accretion/(dilution) arising from issue of new shares in a subsidiary company	–	–	–	203	–	–	(24,476)	(24,273)
Dividends	–	–	–	–	–	–	(199,113)	(199,113)
Balance at								
June 30, 1999	2,308,661	77,720	2,475,373	15,250	125,718	2,978,515	1,235,883	9,217,120
Net gains/(losses) not recognised in the income statement	–	–	670	–	(27,687)	(1,500)	–	(28,517)
Net profit for the year	–	–	–	–	–	–	1,360,405	1,360,405
Transfer to statutory reserve	–	–	319,729	–	–	–	(319,729)	–
Transfer to general reserve	–	–	–	–	–	339,000	(339,000)	–
Goodwill on consolidation written off	–	–	–	–	–	(24,481)	–	(24,481)
Issue of shares	29,314	114,029	–	–	–	–	–	143,343
Dilution arising from issue of new shares in subsidiary companies	–	–	–	–	–	–	(4,032)	(4,032)
Dividends	–	–	–	–	–	–	(304,117)	(304,117)
Balance at								
June 30, 2000	2,337,975	191,749	2,795,772	15,250	98,031	3,291,534	1,629,410	10,359,721

The notes on pages 63 to 114 form part of these accounts.

Cash Flow Statements

for the year ended June 30, 2000

	The Bank		The Group	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit before taxation	1,544,401	868,745	2,137,488	1,010,949
Adjustments for:				
Exchange fluctuation	(3,693)	(150,387)	(40,966)	(136,251)
Profits retained in associated companies	-	-	(2,643)	(2,256)
Depreciation of fixed assets	85,872	76,476	121,225	112,070
Gain on disposal of fixed assets	(597)	(53)	(1,191)	(715)
Amortisation of premiums less accretion of discounts of investment securities	(14,882)	8,820	6,394	9,718
Provision for diminution in value of investment securities	73,433	25,100	108,875	24,120
Provision for bad and doubtful debts	173,752	451,421	221,950	910,653
Interest/income-in-suspense	131,316	256,785	254,670	438,881
Dividends from investment securities	(1,642)	(3,614)	(9,275)	(7,356)
Fixed assets written off	-	2,429	2,260	5,541
Operating profit before changes in operating assets and liabilities	1,987,960	1,535,722	2,798,787	2,365,354
(Increase)/decrease in securities purchased under resale agreements	(36,714)	81,751	(76,441)	66,627
(Increase)/decrease in deposits and placements with financial institutions	(786,551)	854,685	(896,351)	(1,702,551)
Decrease in dealing securities	72,265	159,163	(675,261)	125,985
(Increase)/decrease in loans and advances	(4,422,154)	(1,920,333)	(4,001,087)	992,933
(Increase)/decrease in other assets	(235,479)	124,964	(130,130)	(556,836)
Decrease in statutory deposits with Central Banks	46,969	2,639,541	53,475	3,786,319
Increase in deposits from customers	2,679,364	5,686,728	4,315,580	6,823,242
Increase/(decrease) in deposits and placements of banks and other financial institutions	4,427,651	(3,932,049)	2,838,266	(2,525,241)
Increase/(decrease) in obligations on securities sold under repurchase agreements	1,303,181	(181,646)	817,201	(1,581,793)
Increase/(decrease) in bills and acceptances payable	743,484	(1,275,807)	681,957	(1,325,433)
(Decrease)/increase in other liabilities	(296,969)	218,414	(151,537)	588,828
Cash generated from operations	5,483,007	3,991,133	5,574,459	7,057,434
Taxation paid	(161,197)	(578,830)	(137,614)	(782,219)
Net cash from operating activities	5,321,810	3,412,303	5,436,845	6,275,215

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash Flows From Investing Activities				
(Purchase)/sale of investment securities – net	(583,826)	(951,804)	1,660,329	(2,870,174)
Purchase of fixed assets	(193,093)	(122,301)	(231,611)	(199,826)
Purchase of subsidiary companies, net of cash acquired	–	–	(103,461)	(12,778)
Purchase of shares in subsidiary company from minority interest – net	(21,325)	(94,889)	(1,750)	(25,500)
Proceeds from disposal of fixed assets	41,069	11,775	6,340	29,403
Dividends from investment securities	1,642	3,614	9,275	7,356
Net cash used in investing activities	(755,533)	(1,153,605)	1,339,122	(3,071,519)
Cash Flows From Financing Activities				
Issue of shares by subsidiary companies to minority shareholders	–	–	–	21,158
Proceeds from issuance of shares	143,343	99,553	143,343	99,553
Repayment of subordinated obligations	(680,000)	–	(680,000)	–
Dividends paid to minority shareholders of subsidiary companies	–	–	(2,451)	(1,121)
Dividends received from associated company	–	–	972	778
Dividends paid to shareholders of the Bank	(234,883)	(98,907)	(234,883)	(98,907)
Net cash (used in)/from financing activities	(771,540)	646	(773,019)	21,461
Net Increase In Cash And Short-Term Funds	3,794,737	2,259,344	6,002,948	3,225,157
Cash And Short-Term Funds At Beginning Of Year	9,244,014	6,984,670	10,192,512	6,967,355
Cash And Short-Term Funds At End Of Year (Note 3)	13,038,751	9,244,014	16,195,460	10,192,512

Cash Flow Statements (cont'd)

for the year ended June 30, 2000

SUMMARY OF EFFECTS OF THE ACQUISITION OF SUBSIDIARY COMPANIES

	The Group	
	2000 RM'000	1999 RM'000
Net assets acquired:		
Cash and short-term funds	9,666	35,222
Deposits and placements with financial institutions	123,034	8,000
Investment securities	111,275	68,262
Loans and advances	284	791,722
Statutory deposits with Bank Negara Malaysia	-	35,100
Other assets	26,079	11,971
Fixed assets	3,278	5,080
Deposits from customers	-	(703,177)
Deposits and placements of banks and other financial institutions	-	(139,512)
Other liabilities	(165,819)	(64,668)
Minority interest	(19,151)	-
Goodwill on consolidation	24,481	-
Cash consideration paid	113,127	48,000
Less: Cash of subsidiary companies acquired	(9,666)	(35,222)
Net cash outflow on acquisition	103,461	12,778

The notes on pages 63 to 114 form part of these accounts.

Notes To The Accounts

1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts of the Bank and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and the applicable approved Malaysian accounting standards. The accounts incorporate those activities relating to Islamic Banking business (IBS) which have been undertaken by the Bank and the Group.

IBS refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accounts of the Bank and of the Group are prepared under the historical cost convention.

b. Basis of Consolidation

The Group profit and loss account and balance sheet include the accounts of the Bank and its subsidiary companies, as listed in Note 9, made up to June 30, 2000.

The results of subsidiary companies acquired or disposed during the financial year are included in the Group profit and loss account from the date of their acquisition or up to the date of their disposal.

Goodwill on consolidation, representing the excess of the purchase price over the fair values of net assets of subsidiary companies at the dates of acquisition, is written off in full against Group general reserve.

All significant intercompany transactions and balances have been eliminated on consolidation.

c. Investment in Subsidiary Companies

A subsidiary company is a company in which the Group 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 are written down when the directors consider that there is a permanent diminution in the value of such investments.

d. Investment in Associated Companies

The Group treats as associated companies those companies in which a long-term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

The Group profit and loss account includes the Group's share of the results of the associated companies based on their accounts made up to June 30, 2000. In the Group balance sheet, the investment in associated companies is shown at cost plus its share of post-acquisition retained profits.

e. Dealing Securities

Dealing securities are stated at the lower of cost and net realisable value.

f. Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement and are usually held to maturity.

Notes To The Accounts (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Investment Securities (Cont'd)

Malaysian government securities, Malaysian government investment issues, Malaysian government floating rate notes, Cagamas bonds and other government securities are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Other quoted investments are stated at the lower of cost and market value.

Unquoted investments are stated at cost. Provision is made for permanent diminution in value where considered appropriate.

g. Provision for Bad and Doubtful Debts

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

In addition, a general provision based on total weighted risk assets, which takes into account all balance sheet items and their perceived risk levels, is maintained.

h. Amount Recoverable from Pengurusan Danaharta Nasional Berhad (Danaharta)

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Bank's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as "amount recoverable from Danaharta" within the "other assets" component of the balance sheet. Provisions against these amounts are made to reflect the directors' assessment of the realisable value of the final consideration as at the balance sheet date.

i. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land is not amortised.

Leasehold land is amortised over the period of the respective leases.

Buildings on freehold land are amortised over fifty years.

Buildings on leasehold land are amortised over the shorter of fifty years or the period of the respective leases.

Other fixed assets are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used for this purpose are as follows:

Office furniture, fittings, equipment and renovations	10% to 25%
Data processing equipment	14% to 25%
Electrical and security equipment	8% to 25%
Motor vehicles	20% to 25%

j. Costs Incurred for Year 2000 Readiness

Costs of improving computer software and hardware necessary to achieve the Year 2000 readiness are capitalised only to the extent that the expenditure represents an enhancement of the assets or an extension of the estimated useful lives of the assets. Other costs associated with upgrading, modification or improvement are recognised as an expense when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Repurchase Agreements

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

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

l. Bills and Acceptances Payable

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

m. Deferred Taxation

The liability method has been adopted in providing for deferred taxation on all material timing differences which arise where the bases for determining taxable income differ from those used to determine accounting income except where it is considered reasonably probable that such timing differences will not reverse in the foreseeable future. However, where the timing differences give rise to deferred tax benefits, these net benefits are not recognised.

n. Insurance Funds

The general insurance fund represents reserves for unexpired risks computed on the 25% method for marine and aviation cargo and transit business; 1/24th method for all other classes of general business, reduced by the percentage of accounted gross direct business commission to the corresponding premium; and 1/8th method for all classes of overseas inward treaty business.

The life assurance fund is based on the actuarial valuation of the fund made up to June 30, 2000.

o. Provision for Outstanding Claims

For general insurance business, provision is made for the estimated costs of all claims incurred together with related expenses less reinsurance recoveries in respect of claims notified but not settled at balance sheet date. In addition, full provision is also made for the probable cost of claims together with related expenses incurred but not reported at balance sheet date using a statistical method based on past claims experience.

For life assurance business, provision is made for the estimated costs of all claims together with related expenses in respect of claims notified but not settled at balance sheet date using the case-by-case basis.

p. Income Recognition

Interest income is recognised on an accrual basis.

Interest income on overdrafts, term loans and housing loans is accounted for on a straight line basis by reference to the rest periods as stipulated in the loan agreements. Interest income from hire-purchase, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

Notes To The Accounts (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. Income Recognition (Cont'd)

Where an account has turned non-performing, interest is suspended with retroactive adjustment made to the date of first default. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing. Customers' accounts are deemed to be non-performing where repayments are in arrears for three months.

Income from the Islamic banking business is recognised on the accrual basis in compliance with Bank Negara Malaysia's guidelines.

q. Fee and Other Income Recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment.

Dividends from dealing and investment securities are recognised when received.

Premiums from general insurance business are recognised as income on the date of assumption of risks and for inward treaty business on the date of the receipt of the accounts after setting aside reserves for unexpired risks computed on the 25% method for marine and aviation cargo and transit business; the 1/24th method for all other classes of general business, reduced by the percentage of accounted gross direct business commission to the corresponding premium; and 1/8th method for all classes of overseas inward treaty business.

First premiums for life assurance business are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period provided they are still within the grace period allowed for payment.

r. Currency Translations

Transactions in foreign currencies are translated into Ringgit Malaysia at rates ruling on transaction dates. Foreign currency monetary assets and liabilities outstanding at balance sheet date are restated in the balance sheet at spot rates of exchange ruling at that date. All exchange gains and losses are recognised in the profit and loss account.

The accounts of foreign branches and foreign subsidiaries are converted into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Gains or losses arising on translation into Ringgit Malaysia are taken to an exchange fluctuation reserve. Translation losses in excess of amounts in the exchange fluctuation reserve are taken to the profit and loss account.

s. Foreign Exchange Contracts

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at balance sheet date and the resultant gains and losses are recognised in the profit and loss account.

t. Cash and Cash Equivalent

Cash equivalents are short term, highly liquid balances that are readily convertible to cash with insignificant risk to changes in value.

3. CASH AND SHORT-TERM FUNDS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and balances with banks and other financial institutions	13,038,751	8,794,014	15,795,134	9,717,894
Money at call	-	450,000	400,326	474,618
	13,038,751	9,244,014	16,195,460	10,192,512

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Licensed banks	3,305,336	2,084,312	3,344,099	1,719,631
Licensed finance companies	220,000	465,000	192,624	421,021
Other financial institutions	1,710,655	1,900,128	2,303,461	2,680,147
	5,235,991	4,449,440	5,840,184	4,820,799

5. DEALING SECURITIES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Money market instruments:				
Quoted in Malaysia:				
Cagamas bonds	1,402	73,667	51,320	129,249
Malaysian government securities	-	-	60,400	-
	1,402	73,667	111,720	129,249
Unquoted:				
Malaysian government treasury bills	-	-	7,445	9,898
Bank Negara Malaysia bills	-	-	24,844	-
Corporate bonds	-	-	66,366	-
Bankers' acceptances	-	-	305,136	-
Cagamas notes	-	-	34,608	4,875
Others	-	-	303,241	47,745
	-	-	741,640	62,518
	1,402	73,667	853,360	191,767
Quoted securities:				
Shares and trust units quoted in Malaysia	-	-	22,201	8,533
	1,402	73,667	875,561	200,300
Market value of quoted securities:				
Malaysian government securities	-	-	60,450	-
Cagamas bonds	1,422	73,667	52,867	130,381
Shares and trust units quoted in Malaysia	-	-	26,690	12,367
	1,422	73,667	140,007	142,748

Notes To The Accounts (cont'd)

6. INVESTMENT SECURITIES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Money market instruments				
Quoted:				
Malaysian government securities	987,293	1,415,009	3,666,067	4,012,488
Cagamas bonds	560,869	898,713	777,453	1,133,166
Other government securities	995,843	873,009	996,083	873,009
Private debt securities	-	-	25,153	54,195
	2,544,005	3,186,731	5,464,756	6,072,858
Unquoted:				
Malaysian government treasury bills	1,241,753	455,335	1,241,753	548,095
Malaysian government investment certificates	84,118	86,031	182,026	183,957
Other government certificates	-	-	91,490	99,446
Cagamas notes	1,706,760	1,355,622	1,706,760	1,588,847
Bank Negara Malaysia bills	1,691,664	-	1,692,369	-
Other government treasury bills	293,286	404,438	377,175	451,155
Negotiable instruments of deposit	1,450,000	2,030,043	1,185,263	3,190,621
Bankers' acceptances	550,028	1,834,340	1,188,128	2,924,807
Private and Islamic debt securities	527,379	423,881	2,296,283	1,892,215
Corporate bonds	113,307	164,224	826,161	1,027,241
Other unquoted money market instruments	-	-	167,928	111,865
	7,658,295	6,753,914	10,955,336	12,018,249
	10,202,300	9,940,645	16,420,092	18,091,107
Quoted securities:				
In Malaysia				
Shares, warrants and trust units	72,502	72,502	463,882	253,800
Malaysian government floating rate notes	227,749	121,478	227,749	121,478
Commercial bills, bonds and notes	-	-	9,032	3,583
	300,251	193,980	700,663	378,861
Outside Malaysia				
Shares	-	-	24,047	2,215
Other floating rate notes	815,819	658,355	815,819	658,355
	815,819	658,355	839,866	660,570
Carried forward	1,116,070	852,335	1,540,529	1,039,431

6. INVESTMENT SECURITIES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Money market instruments (cont'd)				
Brought forward	1,116,070	852,335	1,540,529	1,039,431
Unquoted securities:				
Shares and trust units	117,186	101,038	224,618	209,608
Private debt securities	–	–	438	384
Commercial bills, bonds and notes	507,285	464,997	778,435	1,172,636
	624,471	566,035	1,003,491	1,382,628
	11,942,841	11,359,015	18,964,112	20,513,166
Amortisation of premiums less accretion of discounts	(84,052)	(98,934)	(35,577)	(29,183)
	11,858,789	11,260,081	18,928,535	20,483,983
Provision for diminution in value of –				
Other government securities	(496)	–	(496)	–
Private and Islamic debt securities	(6,398)	–	(50,398)	(42,000)
Corporate bonds	–	–	–	(13,764)
Shares, warrants and trust units quoted in Malaysia	(2,368)	(735)	(49,043)	(2,845)
Commercial bills, bonds and notes	(157,090)	(85,500)	(159,294)	(86,087)
Shares quoted outside Malaysia	–	–	(1,656)	(1,195)
Other floating rate notes – outside Malaysia	(126,088)	(132,772)	(126,088)	(132,772)
Unquoted shares and trust units	–	–	(16,259)	(15,696)
	(292,440)	(219,007)	(403,234)	(294,359)
	11,566,349	11,041,074	18,525,301	20,189,624
Market value of quoted securities:				
Malaysian government securities	928,410	1,350,540	3,481,987	3,874,418
Cagamas bonds	565,591	911,599	782,204	1,129,323
Other government securities	995,071	873,009	995,307	873,009
Private debt securities	–	–	31,880	59,834
Shares, warrants and trust units quoted in Malaysia	87,203	156,835	455,798	381,576
Malaysian government floating rate notes	231,007	119,287	231,007	119,287
Commercial bills, bonds and notes	–	–	10,038	4,250
Shares quoted outside Malaysia	–	–	24,118	1,021
Other floating rate notes – outside Malaysia	723,483	555,732	723,483	555,732
	3,530,765	3,967,002	6,735,822	6,998,450

Notes To The Accounts (cont'd)

6. INVESTMENT SECURITIES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
The maturity structure of money market instruments held for investment are as follows:				
Maturing within one year	7,780,981	7,141,230	9,790,683	11,008,930
Maturing between one year to three years	1,253,011	1,643,226	2,621,591	2,715,069
Maturing between three years to five years	606,056	760,200	2,050,362	2,530,723
Maturing after five years	562,252	395,989	1,957,456	1,836,385
	10,202,300	9,940,645	16,420,092	18,091,107

7. LOANS AND ADVANCES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Overdrafts	12,344,072	12,990,739	12,337,017	12,937,677
Term loans – fixed rate	3,519,380	3,255,679	3,704,516	3,462,696
Term loans – floating rate	42,700,121	39,137,513	55,472,100	54,050,963
Credit card receivables	644,968	507,559	859,003	672,738
Bills receivable	440,896	473,957	445,451	474,037
Trust receipts	1,183,989	886,576	1,202,027	889,930
Claims on customers under acceptance credits	6,095,507	5,193,984	6,167,493	5,324,317
Hire purchase and block discounting receivables	864,201	743,504	10,080,515	7,842,264
Floor stocking receivables	26,829	9,828	72,854	43,620
Lease receivables	–	–	54,004	46,753
Factored receivables	25,388	42,397	65,038	82,576
Staff loans	455,746	386,326	569,172	478,592
Housing loans to				
– directors of the Bank	76	145	76	168
– other directors	1,605	1,763	2,166	2,651
Others	1,951	–	15,012	13,004
	68,304,729	63,629,970	91,046,444	86,321,986
Unearned interest and income	(1,235,135)	(982,530)	(3,460,464)	(2,737,377)
Gross loans and advances	67,069,594	62,647,440	87,585,980	83,584,609
Provision for bad and doubtful debts				
– specific	(2,403,849)	(2,445,919)	(3,512,466)	(3,593,101)
– general	(2,285,910)	(2,070,088)	(3,030,320)	(2,727,735)
Interest/income-in-suspense	(773,373)	(642,057)	(1,217,060)	(962,390)
Net loans and advances	61,606,462	57,489,376	79,826,134	76,301,383

7. LOANS AND ADVANCES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Loans and advances analysed by their economic purposes are as follows:				
Domestic operations –				
Agriculture	1,021,162	804,148	1,094,882	876,092
Mining and quarrying	203,119	157,731	230,497	197,004
Manufacturing	10,395,516	9,339,881	11,170,002	10,082,255
Electricity, gas and water	1,958,853	2,019,334	1,988,543	2,053,576
Construction	4,439,419	4,920,125	5,862,929	6,494,962
Real estate	771,301	686,517	1,212,891	1,274,107
Purchase of landed property	10,704,020	8,749,732	14,169,046	11,805,679
(of which: Residential	7,581,038	5,872,539	9,501,254	7,348,495
Non-Residential)	3,122,982	2,877,193	4,667,792	4,457,184
General commerce	4,337,083	3,855,981	4,863,851	4,446,236
Transport, storage and communication	2,163,796	2,290,341	2,314,977	2,466,329
Finance, insurance and business service	10,271,982	10,054,375	10,687,669	10,512,109
Purchase of securities	3,905,131	3,363,564	6,921,968	7,074,601
Purchase of transport vehicles	12,636	12,357	5,854,448	5,281,078
Consumption credit	2,336,476	1,893,052	2,742,504	2,265,574
Others	2,628,323	1,785,641	2,847,997	2,082,245
	55,148,817	49,932,779	71,962,204	66,911,847
Overseas operations –				
Singapore	9,398,090	9,970,454	9,398,090	9,970,454
Labuan Offshore	–	–	3,201,327	3,410,587
United States of America	461,059	435,641	461,059	435,641
United Kingdom	308,413	474,954	308,413	474,954
Hong Kong	1,155,771	1,237,655	1,155,771	1,237,655
Brunei	369,368	407,774	369,368	407,774
Vietnam	183,338	171,385	183,338	171,385
Cambodia	44,738	16,798	44,738	16,798
Papua New Guinea	–	–	23,192	19,328
Philippines	–	–	228,433	202,276
Indonesia	–	–	250,047	325,910
	11,920,777	12,714,661	15,623,776	16,672,762
	67,069,594	62,647,440	87,585,980	83,584,609
The maturity structure of loans and advances are as follows:				
Maturing within one year	45,014,143	44,722,227	48,695,915	50,039,833
Maturing between one year to three years	2,987,793	2,920,145	6,912,688	6,767,242
Maturing between three years to five years	4,386,075	2,337,083	8,585,704	6,809,559
Maturing after five years	14,681,583	12,667,985	23,391,673	19,967,975
	67,069,594	62,647,440	87,585,980	83,584,609

Notes To The Accounts (cont'd)

7. LOANS AND ADVANCES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Movements in the non-performing loans (including interest and income receivable) are as follows:				
Balance at July 1	5,368,299	4,369,924	8,885,309	7,024,105
Amount classified during the year	3,852,289	4,858,628	6,920,888	7,884,477
Amount recovered/regularised during the year	(2,487,463)	(2,704,688)	(4,541,165)	(4,669,102)
Amount written off	(720,287)	(313,904)	(1,488,314)	(545,805)
Non-performing loans of a subsidiary company acquired	-	-	-	263,931
Transfer of non-performing loans of a subsidiary company	-	265,640	-	-
Amount sold to Danaharta	(144,630)	(1,068,106)	(217,034)	(1,267,698)
Exchange difference and expenses debited to customers' accounts	93,021	(39,195)	19,993	195,401
Balance at June 30	5,961,229	5,368,299	9,579,677	8,885,309
Ratio of net non-performing loans to total loans including loans sold to Cagamas less specific provision and interest/income-in-suspense	4.29%	3.73%	5.64%	5.30%
Movements in the provision for bad and doubtful debts and interest/income-in-suspense accounts are as follows:				
Specific provision				
Balance at July 1	2,445,919	2,037,831	3,593,101	2,739,589
Provision made during the year	1,094,411	1,863,302	2,111,876	3,121,115
Amount written back in respect of recoveries	(481,969)	(477,875)	(869,880)	(1,076,327)
Amount written off	(618,306)	(222,047)	(1,224,847)	(415,476)
Amount sold to Danaharta	(31,847)	(753,466)	(51,441)	(802,410)
Transfer from general provision	-	1,539	(1,827)	4,560
Specific provision of a subsidiary company acquired	-	-	-	68,180
Transfer of specific provision of a subsidiary company	-	72,430	-	-
Exchange difference	(4,359)	(75,795)	(44,516)	(46,130)
Balance at June 30	2,403,849	2,445,919	3,512,466	3,593,101

7. LOANS AND ADVANCES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
General provision				
Balance at July 1	2,070,088	2,026,755	2,727,735	2,670,594
Provision made during the year	217,000	58,193	362,621	127,845
Amount written back	-	-	(58,689)	(56,799)
General provision of subsidiary companies acquired	-	-	-	11,837
Transfer to specific provision	-	(1,539)	1,827	(4,560)
Exchange difference	(1,178)	(13,321)	(3,174)	(21,182)
Balance at June 30	2,285,910	2,070,088	3,030,320	2,727,735
As a percentage of total loans including loans sold to Cagamas less specific provision and interest/income-in-suspense	3.50%	3.39%	3.52%	3.34%
Interest/income-in-suspense				
Balance at July 1	642,057	385,272	962,390	523,509
Provision made during the year	591,504	654,654	1,051,535	843,922
Amount written back in respect of recoveries	(239,924)	(232,231)	(466,517)	(225,321)
Amount written off	(195,492)	(70,562)	(294,366)	(98,792)
Amount sold to Danaharta	(22,847)	(86,059)	(34,225)	(117,911)
Interest/income-in-suspense of a subsidiary company acquired	-	-	-	47,645
Exchange difference	(1,925)	(9,017)	(1,757)	(10,662)
Balance at June 30	773,373	642,057	1,217,060	962,390

Notes To The Accounts (cont'd)

8. INVESTMENT IN ASSOCIATED COMPANIES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unquoted shares, at cost	6,180	6,180	6,180	6,180
Share of post-acquisition retained profits	–	–	7,186	6,759
	6,180	6,180	13,366	12,939
Represented by: Share of net tangible assets			13,366	12,939

Details of the associated companies are as follows:

Name	Group Interest		Country Of Incorporation	Principal Activities
	2000	1999		
Computer Recovery Centre Sdn. Bhd.	45%	45%	Malaysia	Computer disaster recovery services.
Uzbek Leasing International A.O.	35%	35%	Uzbekistan	Leasing.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	The Bank	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost		
– in Malaysia	1,416,377	1,312,233
– outside Malaysia	350,169	432,988
	1,766,546	1,745,221

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

			Issued And Paid-Up Share Capital		Group Interest	
Name	Principal Activities	Country of Incorporation	2000 RM	1999 RM	2000 %	1999 %
Banking						
# PT. Bank Maybank Nusa International	Banking	Indonesia	228,953,500,000	190,550,000,000 (1)	87	84
# Maybank International (L) Ltd	Offshore Banking	Malaysia	10,000,000	10,000,000 (2)	100	100
# Maybank (PNG) Limited	Banking and Financial Services	Papua New Guinea	5,000,000	5,000,000 (3)	100	100
# Maybank Philippines, Incorporated	Banking	Philippines	1,770,356,139	1,770,356,139 (4)	60	60
Finance						
Mayban Finance Berhad	Finance Company	Malaysia	551,250,000	551,250,000	100	100
# MFSL Limited	Ceased Operations	Singapore	12,000,000	20,000,000 (5)	100	100
Supreme Finance (M) Berhad	Ceased Operations	Malaysia	–	270,000	–	85
Aseamlease Berhad	Leasing	Malaysia	20,000,000	20,000,000	72	72
Aseam Credit Sdn. Bhd.	Hire Purchase	Malaysia	20,000,000	20,000,000	72	72
Mayban Factoring Berhad	Factoring Services	Malaysia	2,000,000	2,000,000	100	100
Anfin Berhad (formerly known as Amanah Finance Malaysia Berhad)	Ceased Operations	Malaysia	106,000,000	106,000,000	100	100

Subsidiary companies not audited by Salleh, Leong, Azlan & Co.

(1) Indonesia rupiah

(3) PNG kina

(5) Singapore dollars

(2) US dollars

(4) Philippines peso

(6) Hongkong dollars

Notes To The Accounts (cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

			Issued And Paid-Up Share Capital		Group Interest	
Name	Principal Activities	Country of Incorporation	2000 RM	1999 RM	2000 %	1999 %
Insurance						
Mayban Assurance Berhad	General Insurance	Malaysia	82,000,000	50,000,000	94	90
Mayban Life Assurance Bhd.	Life Assurance	Malaysia	100,000,000	100,000,000	92	92
# Mayban Life International (Labuan) Ltd	Life Assurance	Malaysia	3,500,000	3,500,000 (2)	64	64
# UMBC Insurans Berhad	General Insurance	Malaysia	48,000,000	–	76	–
Investment Banking						
Aseambankers Malaysia Berhad	Merchant Banking	Malaysia	50,116,000	50,116,000	70	70
Mayban Securities (Holdings) Sendirian Berhad	Investment Holding	Malaysia	25,000,000	25,000,000	100	100
Mayban Securities Sendirian Berhad	Stockbroking	Malaysia	20,000,000	20,000,000	100	100
Mayban Discount Berhad	Discount House	Malaysia	45,000,000	45,000,000	91	91
Mayban Futures Sdn. Bhd.	Futures Broking and Investment Advisory Services	Malaysia	10,000,000	10,000,000	100	100
Asset Management/Trustees/Custody						
Mayban Property Trust Management Berhad	Property Trust Fund Management	Malaysia	5,000,000	5,000,000	100	100
Mayban Management Berhad	Unit Trust Fund Management	Malaysia	4,000,000	4,000,000	93	93

Subsidiary companies not audited by Salleh, Leong, Azlan & Co.

(1) Indonesia rupiah

(3) PNG kina

(5) Singapore dollars

(2) US dollars

(4) Philippines peso

(6) Hongkong dollars

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

			Issued And Paid-Up Share Capital		Group Interest	
Name	Principal Activities	Country of Incorporation	2000 RM	1999 RM	2000 %	1999 %
Asset Management/Trustees/Custody						
# Mayban International Trust (Labuan) Berhad	Trustee Services	Malaysia	150,000	150,000	100	100
# Mayban Offshore Corporate Services (Labuan) Sdn. Bhd.	Dormant	Malaysia	2	2	100	100
Mayban Trustees Berhad	Trustee Services	Malaysia	500,000	500,000	100	100
Mayban Ventures Sdn. Bhd.	Venture Capital	Malaysia	10,000,000	10,000,000	91	91
Mayban Venture Capital Company Sdn. Bhd.	Dormant	Malaysia	2	2	100	100
# RPB Venture Capital Corporation	Venture Capital	Philippines	8,560,000	8,560,000 ⁽⁴⁾	36	36
Mayban-JAIC Capital Management Sdn. Bhd.	Investment Advisory and Administration Services	Malaysia	2,000,000	2,000,000	46	46
Mayban Investment Management Sdn. Bhd.	Fund Management	Malaysia	5,000,000	5,000,000	89	58
# Philmay Property, Inc.	Property leasing and trading	Philippines	100,000,000	100,000,000 ⁽⁴⁾	60	60
Mayban (Nominees) Sendirian Berhad	Nominee Services	Malaysia	31,000	31,000	100	100
Mayban Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100

Subsidiary companies not audited by Salleh, Leong, Azlan & Co.

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(2) US dollars

(4) Philippines peso

(6) Hongkong dollars

Notes To The Accounts (cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

			Issued And Paid-Up Share Capital		Group Interest	
Name	Principal Activities	Country of Incorporation	2000 RM	1999 RM	2000 %	1999 %
Asset Management/Trustees/Custody						
Mayban Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
# Mayban Nominees (Singapore) Pte. Ltd.	Nominee Services	Singapore	60,000	60,000 ⁽⁵⁾	100	100
# Mayban Nominees (Hongkong) Limited	Nominee Services	Hongkong	3	3 ⁽⁶⁾	100	100
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	70	70
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	70	70
Mayfin Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
Mayban Securities Nominees Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
Mayban Securities Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
# MFSL Nominees Pte. Ltd.	Nominee Services	Singapore	60,000	60,000 ⁽⁵⁾	100	100
AFMB Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100

Subsidiary companies not audited by Salleh, Leong, Azlan & Co.

(1) Indonesia rupiah

(3) PNG kina

(5) Singapore dollars

(2) US dollars

(4) Philippines peso

(6) Hongkong dollars

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

During the year,

- the Bank subscribed for an additional 38,403.5 new ordinary shares of Rupiah 1,000,000 each, issued for cash at par, in PT. Bank Maybank Nusa International;
- the Bank's shareholding in MFSL Limited was reduced to 12,000,000 ordinary shares as a result of a capital reduction scheme undertaken by the subsidiary company;
- a subsidiary company, Mayban Finance Berhad, acquired the entire issued and fully paid share capital of Mayban Factoring Berhad comprising 2,000,000 ordinary shares of RM1 each from the Bank;
- the Bank's shareholding in Mayban Assurance Berhad was increased by 32,000,000 new ordinary shares of RM1 each as a result of a rights issue of sixteen (16) new ordinary shares for every twenty five (25) existing ordinary shares held, at an issue price of RM3.28 per share;
- a subsidiary company, Mayban Assurance Berhad acquired 38,786,487 ordinary shares of RM1 each in UMBC Insurans Berhad for cash at RM2.92 per share; and
- the Bank and Aseambankers Malaysia Berhad acquired 1,076,250 and 673,750 ordinary shares of RM1 each respectively in Mayban Investment Management Sdn. Bhd. from a minority shareholder.

10. OTHER ASSETS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest receivable	417,592	463,307	481,843	569,585
Other debtors, deposits and prepayments	645,647	364,453	1,515,270	1,323,845
Foreclosed properties	-	-	16,081	6,881
Investment properties	-	-	98,284	54,958
Amount recoverable from Danaharta	-	-	-	-
	1,063,239	827,760	2,111,478	1,955,269
Amount recoverable from Danaharta				
Balance as at July 1	-	-	-	-
Amount arising during the year	7,924	192,200	7,924	199,378
Provision made during the year	(7,924)	(192,200)	(7,924)	(199,378)
Balance as at June 30	-	-	-	-

11. STATUTORY DEPOSITS WITH CENTRAL BANKS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
With Bank Negara Malaysia	1,586,000	1,633,542	2,318,622	2,377,853
With other Central Banks	269,797	269,224	289,438	283,682
	1,855,797	1,902,766	2,608,060	2,661,535

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 Act, 1958, the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiary companies are maintained with their respective Central Banks in compliance with the applicable legislations.

Notes To The Accounts (cont'd)

12. FIXED ASSETS

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in Progress RM'000	Total RM'000
The Bank – 2000							
Cost:							
Balance at							
July 1, 1999	633,340	326,048	379,346	74,953	25,591	61,604	1,500,882
Additions	7,646	6,911	34,951	1,485	2,041	111,708	164,742
Transfers	32,624	11,872	18,814	2,127	9	(65,446)	-
Disposals/ write-offs	(1,460)	(68,383)	(16,724)	(972)	(1,959)	(243)	(89,741)
Balance at June 30, 2000	672,150	276,448	416,387	77,593	25,682	107,623	1,575,883
Accumulated Depreciation:							
Balance at							
July 1, 1999	117,666	258,922	309,587	69,310	19,950	-	775,435
Charge for the year	11,915	28,212	39,686	2,887	3,172	-	85,872
Eliminated on disposal/write-off	(46)	(68,136)	(6,645)	(948)	(1,845)	-	(77,620)
Balance at June 30, 2000	129,535	218,998	342,628	71,249	21,277	-	783,687
Net Book Value at June 30, 2000	542,615	57,450	73,759	6,344	4,405	107,623	792,196
The Bank – 1999							
Cost:							
Balance at							
July 1, 1998	638,541	306,433	353,593	75,057	29,405	37,634	1,440,663
Additions	9	11,562	64,686	902	462	44,680	122,301
Transfers	4,015	13,284	276	724	-	(18,299)	-
Disposals/write-offs	(9,225)	(5,231)	(39,209)	(1,730)	(4,276)	(2,411)	(62,082)
Balance at June 30, 1999	633,340	326,048	379,346	74,953	25,591	61,604	1,500,882
Accumulated Depreciation:							
Balance at							
July 1, 1998	108,494	237,216	312,798	68,300	20,082	-	746,890
Charge for the year	11,353	26,900	31,602	2,659	3,962	-	76,476
Eliminated on disposal/write-off	(2,181)	(5,194)	(34,813)	(1,649)	(4,094)	-	(47,931)
Balance at June 30, 1999	117,666	258,922	309,587	69,310	19,950	-	775,435
Net Book Value at June 30, 1999	515,674	67,126	69,759	5,643	5,641	61,604	725,447

12. FIXED ASSETS (CONT'D)

Properties consist of:

	Freehold Land RM'000	Building on Freehold Land RM'000	Leasehold Land		Buildings on Leasehold Land		Total RM'000
			Less Than 50 years RM'000	50 years Or More RM'000	Less Than 50 years RM'000	50 years Or More RM'000	
The Bank – 2000							
Cost:							
Balance at							
July 1, 1999	67,774	318,921	7,702	49,476	38,822	150,645	633,340
Additions	-	7,646	-	-	-	-	7,646
Transfers	14	-	-	20,431	-	12,179	32,624
Disposals	(275)	(221)	(23)	(219)	(338)	(384)	(1,460)
Balance at							
June 30, 2000	67,513	326,346	7,679	69,688	38,484	162,440	672,150
Accumulated Depreciation:							
Balance at							
July 1, 1999	-	73,467	1,835	5,796	8,087	28,481	117,666
Charge for the year	-	6,530	158	706	1,295	3,226	11,915
Eliminated on disposal	-	(46)	-	-	-	-	(46)
Balance at							
June 30, 2000	-	79,951	1,993	6,502	9,382	31,707	129,535
Net Book Value at							
June 30, 2000	67,513	246,395	5,686	63,186	29,102	130,733	542,615
The Bank – 1999							
Cost:							
Balance at							
July 1, 1998	67,123	316,618	7,852	50,868	43,225	152,855	638,541
Additions	9	-	-	-	-	-	9
Transfers	1,429	2,586	-	-	-	-	4,015
Disposals	(787)	(283)	(150)	(1,392)	(4,403)	(2,210)	(9,225)
Balance at							
June 30, 1999	67,774	318,921	7,702	49,476	38,822	150,645	633,340
Accumulated Depreciation:							
Balance at							
July 1, 1998	-	67,059	1,676	5,312	8,957	25,490	108,494
Charge for the year	-	6,408	159	484	1,311	2,991	11,353
Eliminated on disposal	-	-	-	-	(2,181)	-	(2,181)
Balance at							
June 30, 1999	-	73,467	1,835	5,796	8,087	28,481	117,666
Net Book Value at							
June 30, 1999	67,774	245,454	5,867	43,680	30,735	122,164	515,674

Notes To The Accounts (cont'd)

12. FIXED ASSETS (CONT'D)

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in Progress RM'000	Total RM'000
The Group – 2000							
Cost:							
Balance at							
July 1, 1999	787,373	476,936	520,221	91,951	46,779	151,505	2,074,765
Additions	69,007	11,093	40,108	1,908	5,547	103,948	231,611
Subsidiary companies acquired	1,032	3,487	6,041	–	1,428	–	11,988
Transfers	32,624	11,872	18,814	2,127	9	(65,446)	–
Disposals/write-offs	(738)	(74,139)	(18,359)	(1,360)	(4,219)	(243)	(99,058)
Balance at June 30, 2000	889,298	429,249	566,825	94,626	49,544	189,764	2,219,306
Accumulated Depreciation:							
Balance at							
July 1, 1999	131,663	369,866	414,715	80,192	36,155	–	1,032,591
Charge for the year	14,971	41,849	54,122	4,291	5,992	–	121,225
Subsidiary companies acquired	1,295	1,994	4,102	–	1,319	–	8,710
Eliminated on disposal/write-off	(83)	(72,134)	(14,220)	(1,249)	(3,963)	–	(91,649)
Balance at June 30, 2000	147,846	341,575	458,719	83,234	39,503	–	1,070,877
Net Book Value at June 30, 2000	741,452	87,674	108,106	11,392	10,041	189,764	1,148,429

12. FIXED ASSETS (CONT'D)

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in Progress RM'000	Total RM'000
The Group – 1999							
Cost:							
Balance at							
July 1, 1998	806,070	452,377	468,636	90,257	50,555	89,055	1,956,950
Additions	2,887	18,146	92,132	2,512	989	83,160	199,826
Subsidiary companies acquired	–	11,183	6,577	387	1,858	–	20,005
Transfers	4,016	13,285	(7,167)	724	–	(18,299)	(7,441)
Disposals/write-offs	(25,600)	(18,055)	(39,957)	(1,929)	(6,623)	(2,411)	(94,575)
Balance at							
June 30, 1999	787,373	476,936	520,221	91,951	46,779	151,505	2,074,765
Accumulated Depreciation:							
Balance at							
July 1, 1998	119,318	335,215	402,782	77,892	33,520	–	968,727
Charge for the year	14,535	42,275	44,009	3,870	7,381	–	112,070
Subsidiary companies acquired	–	7,313	6,065	272	1,274	–	14,924
Transfers	(9)	–	(2,775)	–	–	–	(2,784)
Eliminated on disposal/write-off	(2,181)	(14,937)	(35,366)	(1,842)	(6,020)	–	(60,346)
Balance at							
June 30, 1999	131,663	369,866	414,715	80,192	36,155	–	1,032,591
Net Book Value at							
June 30, 1999	655,710	107,070	105,506	11,759	10,624	151,505	1,042,174

Notes To The Accounts (cont'd)

12. FIXED ASSETS (CONT'D)

Properties consist of:

	Freehold Land	Buildings on Freehold Land	Leasehold Land		Buildings on Leasehold Land		Total
	RM'000	RM'000	Less Than 50 years RM'000	50 years Or More RM'000	Less Than 50 years RM'000	50 years Or More RM'000	RM'000
The Group – 2000							
Cost:							
Balance at July 1, 1999	88,444	369,466	9,524	58,743	41,845	219,351	787,373
Additions	8,565	54,673	–	–	–	5,769	69,007
Subsidiary companies acquired	120	1,252	–	–	2,759	(3,099)	1,032
Transfers	14	11,932	–	23,530	(362)	(2,490)	32,624
Disposals/write-offs	(275)	(221)	(23)	(219)	–	–	(738)
Balance at June 30, 2000	96,868	437,102	9,501	82,054	44,242	219,531	889,298
Accumulated Depreciation:							
Balance at July 1, 1999	–	80,301	2,174	6,345	8,529	34,314	131,663
Charge for the year	–	7,541	188	831	1,419	4,992	14,971
Subsidiary companies acquired	–	26	–	–	1,269	–	1,295
Transfers	–	–	–	42	–	(42)	–
Eliminated on disposal/write-off	–	(46)	–	–	–	(37)	(83)
Balance at June 30, 2000	–	87,822	2,362	7,218	11,217	39,227	147,846
Net Book Value at June 30, 2000	96,868	349,280	7,139	74,836	33,025	180,304	741,452

12. FIXED ASSETS (CONT'D)

Properties consist of:

	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land		Buildings on Leasehold Land		Total RM'000
			Less Than 50 years RM'000	50 years Or More RM'000	Less Than 50 years RM'000	50 years Or More RM'000	
The Group – 1999							
Cost:							
Balance at							
July 1, 1998	85,771	367,482	9,862	59,946	46,819	236,190	806,070
Additions	1,243	–	–	–	–	1,644	2,887
Transfers	1,430	2,586	(188)	188	(571)	571	4,016
Disposals/write-offs	–	(602)	(150)	(1,391)	(4,403)	(19,054)	(25,600)
Balance at							
June 30, 1999	88,444	369,466	9,524	58,743	41,845	219,351	787,373
Accumulated Depreciation:							
Balance at							
July 1, 1998	–	72,865	2,024	5,740	9,473	29,216	119,318
Charge for the year	–	7,436	159	605	1,237	5,098	14,535
Transfers	–	–	(9)	–	–	–	(9)
Eliminated on disposal/write-off	–	–	–	–	(2,181)	–	(2,181)
Balance at							
June 30, 1999	–	80,301	2,174	6,345	8,529	34,314	131,663
Net Book Value at							
June 30, 1999	88,444	289,165	7,350	52,398	33,316	185,037	655,710

Notes To The Accounts (cont'd)

13. DEPOSITS FROM CUSTOMERS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Demand deposits	12,495,308	10,476,676	12,780,135	10,616,299
Savings deposits	10,328,786	9,240,622	11,883,089	10,629,690
Fixed deposits	37,086,349	37,351,931	56,327,225	53,380,130
Negotiable instruments of deposit	350,000	511,850	876,140	2,924,890
	37,436,349	37,863,781	57,203,365	56,305,020
	60,260,443	57,581,079	81,866,589	77,551,009
The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:				
Due within six months	28,152,581	31,751,185	46,419,275	48,713,763
Due between six months to one year	6,969,690	5,394,601	8,111,785	6,476,633
Due between one year to three years	1,930,343	649,454	2,212,791	787,966
Due between three years to five years	383,735	68,541	459,510	326,608
Due after five years	–	–	4	50
	37,436,349	37,863,781	57,203,365	56,305,020
The deposits are sourced from the following customers:				
Business enterprises	25,213,122	26,434,898	37,113,239	34,715,903
Individuals	28,936,109	24,660,184	36,229,341	32,357,258
Others	6,111,212	6,485,997	8,524,009	10,477,848
	60,260,443	57,581,079	81,866,589	77,551,009

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Licensed banks	12,603,317	10,273,696	14,140,427	12,971,340
Licensed finance companies	346,048	436,743	925,655	914,975
Other financial institutions	2,901,660	712,935	5,024,434	3,365,935
	15,851,025	11,423,374	20,090,516	17,252,250

15. OTHER LIABILITIES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest payable	426,433	595,939	570,533	809,414
Proposed dividends	218,835	149,601	218,835	149,601
Taxation	621,446	258,746	983,208	358,109
Deferred taxation (Note 27)	-	-	3,622	3,403
General insurance fund	-	-	73,769	63,515
Life assurance fund	-	-	583,876	416,663
Provision for commitments and contingencies	-	3,620	-	3,620
Other creditors, provisions and accruals	602,207	726,050	1,738,916	1,659,819
	1,868,921	1,733,956	4,172,759	3,464,144
Movements in provision for commitments contingencies are as follows:				
Balance as at July 1	3,620	860	3,620	860
Provision made during the year	-	3,620	-	3,620
Amount written back	(3,620)	(860)	(3,620)	(860)
Balance as at June 30	-	3,620	-	3,620

16. SUBORDINATED OBLIGATIONS

	The Bank/The Group	
	2000 RM'000	1999 RM'000
Subordinated floating rate certificates of deposit due 2004	-	380,000
Subordinated notes due 2005	950,000	950,000
Subordinated term loan due 2002	-	300,000
	950,000	1,630,000

The floating rate certificates of deposit (FRCDs) are due in March 2004. On each interest payment date falling on and after March 1999, the FRCDs will, subject to the prior consent of Bank Negara Malaysia, be redeemable, in whole but not in part, at the option of the Bank. The FRCDs will also, subject as aforesaid, be redeemable, in whole but not in part, at the option of the Bank, in the event of certain changes affecting taxation in Malaysia as described under "Terms and Conditions of the FRCDs – Redemption and Purchase". The FRCDs were prepaid in full during the year.

The Notes are due in September 2005. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of changes affecting taxation in Malaysia as described under "Terms and Conditions of the Notes – Optional Redemption upon the Imposition of Taxation".

The term loan is repayable in one lump sum in December 2002. The term loan was prepaid in full during the year.

Notes To The Accounts (cont'd)

16. SUBORDINATED OBLIGATIONS (CONT'D)

Interest on the FRCs and Notes are payable semi-annually in arrears in March and September each year whilst interest on the term loan is payable semi-annually in arrears in June and December each year.

The FRCs, Notes and term loan will constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions on their issues.

The FRCs, Notes and term loan qualify as tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

17. SHARE CAPITAL

	The Bank/The Group	
	2000	1999
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised –		
Balance as at July 1/June 30	4,000,000	4,000,000
Issued and fully paid –		
Balance as at July 1	2,308,661	2,286,828
Shares issued under the		
Maybank Group Employee Share Option Scheme	29,314	21,833
Balance as at June 30	2,337,975	2,308,661

During the year, the Bank increased its issued and fully paid up share capital from RM2,308,660,614 to RM2,337,975,214 by the issue of 29,314,600 new ordinary shares of RM1.00 each to eligible persons who exercised their options under the Maybank Group Employee Share Option Scheme (ESOS). The issue of 29,314,600 new ordinary shares consist of the following:

- 24,451,800 at the option price of RM4.42 per share;
- 4,516,000 at the option price of RM6.83 per share;
- 346,600 at the option price of RM12.75 per share; and
- 200 at the option price of RM16.25 per share;

The new shares issued rank pari passu in all respects with the then existing shares of the Bank.

18. RESERVES

	The Bank		The Group	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	191,749	77,720	191,749	77,720
Statutory reserves	2,233,828	1,977,828	2,795,772	2,475,373
Capital reserve	–	–	15,250	15,250
Exchange fluctuation reserve	87,917	91,611	98,031	125,718
	2,513,494	2,147,159	3,100,802	2,694,061
Distributable:				
General reserve	2,916,120	2,711,120	3,291,534	2,978,515
Retained profits	985,212	729,824	1,629,410	1,235,883
	3,901,332	3,440,944	4,920,944	4,214,398
	6,414,826	5,588,103	8,021,746	6,908,459
Share premium:				
Balance as at July 1	77,720	–	77,720	–
Premium on shares issued under the Maybank Group Employee Share Option Scheme	114,029	77,720	114,029	77,720
Balance as at June 30	191,749	77,720	191,749	77,720
Statutory reserves:				
Balance as at July 1	1,977,828	1,774,066	2,475,373	2,254,214
Transfer from profit and loss account	256,000	203,762	319,729	209,894
Exchange difference	–	–	670	11,265
Balance as at June 30	2,233,828	1,977,828	2,795,772	2,475,373
Capital reserve:				
Balance as at July 1	–	–	15,250	350
Transfer from profit and loss account	–	–	–	14,697
Accretion arising from issue of new shares in a subsidiary company	–	–	–	203
Balance as at June 30	–	–	15,250	15,250

Notes To The Accounts (cont'd)

18. RESERVES (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Exchange fluctuation reserve:				
Balance as at July 1	91,611	128,248	125,718	179,746
Exchange difference	(3,694)	(36,637)	(27,687)	(54,028)
Balance as at June 30	87,917	91,611	98,031	125,718
General reserve:				
Balance as at July 1	2,711,120	2,546,251	2,978,515	2,785,539
Transfer from profit and loss account	205,000	164,869	339,000	186,642
Exchange difference	-	-	(1,500)	6,334
Goodwill on consolidation written off	-	-	(24,481)	-
Balance as at June 30	2,916,120	2,711,120	3,291,534	2,978,515

The statutory reserves are maintained in compliance with the requirements of Bank Negara Malaysia and the Central Banks of the respective territories in which the Bank and the Group operate and are not distributable as cash dividends.

The Bank has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of its entire general reserve and retained profits at June 30, 2000.

19. INTEREST INCOME

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Loans and advances	4,151,489	5,132,635	6,247,832	7,598,306
Money at call and deposit placements with financial institutions	894,412	1,045,420	973,840	1,188,697
Dealing securities	571	7,376	19,684	128,257
Investment securities	437,924	783,558	800,389	1,238,248
Others	-	-	40,741	40,643
	5,484,396	6,968,989	8,082,486	10,194,151
Net (amortisation of premiums)/ accretion of discounts	(21,475)	(20,023)	27,910	12,918
Net interest suspended	(327,157)	(420,190)	(544,296)	(598,198)
	5,135,764	6,528,776	7,566,100	9,608,871

20. INTEREST EXPENSE

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits and placements of banks and other financial institutions	665,178	966,561	857,140	1,682,775
Deposits from other customers	1,762,320	2,954,770	2,650,210	4,243,646
Subordinated floating rate certificates of deposit	35,145	26,600	35,145	26,600
Subordinated notes	67,688	67,688	67,688	67,688
Subordinated term loan	26,188	25,500	27,688	25,853
Others	16,015	36,897	131,268	101,907
	2,572,534	4,078,016	3,769,139	6,148,469

21. NON-INTEREST INCOME

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fee income:				
Commission	255,492	193,752	263,300	206,444
Service charges and fees	180,213	143,243	220,827	180,110
Guarantee fees	66,644	57,011	73,080	64,668
Underwriting fees	597	625	12,371	5,063
Brokerage income	–	–	118,776	51,749
Other fee income	22,486	47,216	36,758	58,018
	525,432	441,847	725,112	566,052
Investment income:				
Net gain/(loss) from sale of dealing securities	9,601	(1,275)	28,114	17,019
Net gain from sale of investment securities	55,634	101,275	140,434	191,616
	65,235	100,000	168,548	208,635
Gross dividends from:				
Dealing securities	–	–	299	282
Investment securities				
– quoted in Malaysia	133	2,188	6,379	3,618
– unquoted	1,509	1,426	2,896	3,738
Subsidiary companies				
– in Malaysia	97,868	21,055	–	–
– outside Malaysia	13,772	165,272	–	–
Associated companies	1,350	1,080	–	–
	114,632	191,021	9,574	7,638
Non-interest income carried forward	705,299	732,868	903,234	782,325

Notes To The Accounts (cont'd)

21. NON-INTEREST INCOME (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Non-interest income brought forward	705,299	732,868	903,234	782,325
Provision for diminution in value of investment securities (net)	(25,960)	15,816	(50,887)	43,466
	679,339	748,684	852,347	825,791
Other income:				
Foreign exchange profit	133,239	132,550	147,128	111,575
Net premiums written	-	-	162,325	127,214
Rental income	16,161	20,238	12,252	12,300
Gain on disposal of fixed assets	597	53	1,191	715
Gain on disposal of foreclosed properties	-	-	751	346
Other operating income	9,695	11,354	15,086	16,002
Other non-operating income	13,246	8,868	73,714	57,847
	172,938	173,063	412,447	325,999
	852,277	921,747	1,264,794	1,151,790

22. OVERHEAD EXPENSES

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Personnel costs	623,680	557,689	827,233	747,810
Establishment costs	221,079	208,398	299,599	290,219
Marketing costs	24,061	23,702	67,531	54,034
Administration and general expenses	245,830	206,307	399,386	345,400
	1,114,650	996,096	1,593,749	1,437,463
The above expenditure include the following statutory disclosures:				
Directors' remuneration (Note 25)	2,749	2,319	6,922	7,189
Rental of premises	42,252	54,362	55,306	67,996
Hire of equipment	4,127	3,097	5,837	4,767
Lease of equipment	1,319	1,073	7,482	8,673
Rental of leasehold land	943	1,201	948	1,428
Auditors' remuneration				
- current year	2,175	2,484	3,019	3,535
- overprovision in prior years	-	(45)	-	(45)
Depreciation of fixed assets (Note 12)	85,872	76,476	121,225	112,070
Fixed assets written off	-	2,429	2,260	5,541

23. LOAN LOSS AND PROVISION

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Provision for bad and doubtful debts:				
– specific (net)	612,109	1,337,888	1,245,270	2,046,819
– general	217,000	58,193	307,079	71,046
Bad debts:				
– written off	43,235	5,354	51,924	15,734
– recovered	(27,030)	(18,357)	(88,250)	(61,844)
	845,314	1,383,078	1,516,023	2,071,755
Provision for value impairment on amounts recoverable from Danaharta	7,924	192,200	7,924	199,378
Provision for commitments and contingencies (net)	(3,620)	2,760	(3,620)	2,760
	849,618	1,578,038	1,520,327	2,273,893

24. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions and balances with subsidiary companies are as follows:

	The Bank	
	2000 RM'000	1999 RM'000
Income:		
Interest on fixed deposits	88,696	217,319
Interest on advances	14,000	64,071
Dividend income	111,640	186,327
Rental of premises	7,043	8,456
Other income	8,807	6,524
	230,186	482,697
Expenditure:		
Interest on fixed deposits	12,506	575
Interest on advances	65,980	110,185
Other expenses	9,049	6,953
	87,535	117,713

Notes To The Accounts (cont'd)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

	The Bank	
	2000 RM'000	1999 RM'000
Amounts due from:		
Current accounts and deposits	1,589,032	1,395,247
Short-term advances	421,781	393,829
Interest on deposits	29,321	10,979
	2,040,134	1,800,055
Less: Amounts due to subsidiary companies:		
Current accounts and deposits	(804,375)	(315,716)
Interest on deposits	(1,709)	(867)
	(806,084)	(316,583)
	1,234,050	1,483,472
Amounts due to:		
Current accounts and deposits	–	495,222
Advances	976,149	16,653
Interest on deposits	6,836	19,971
	982,985	531,846
Less: Amounts due from subsidiary companies:		
Current accounts and deposits	(1,241,986)	(1,515,167)
Interest on deposits	(44,310)	(19,971)
	(1,286,296)	(1,535,138)
	(303,311)	(1,003,292)

25. DIRECTORS' REMUNERATION

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Directors of the Bank:				
Fees	305	320	758	625
Other remuneration –				
Executive directors	1,872	1,594	1,895	1,594
Non-executive directors	572	405	806	1,051
	2,749	2,319	3,459	3,270
Other directors:				
Fees	–	–	367	300
Other remuneration –				
Executive directors	–	–	2,179	3,057
Non-executive directors	–	–	917	562
	–	–	3,463	3,919
	2,749	2,319	6,922	7,189
Estimated cash value of benefits-in-kind:				
Directors of the Bank	103	93	103	93
Other directors	–	–	99	202
	103	93	202	295

26. TAXATION

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian taxation	482,385	53,699	719,841	46,414
Overseas taxation	41,511	5,259	44,815	12,057
	523,896	58,958	764,656	58,471
Share of tax in associated companies	–	–	812	209
	523,896	58,958	765,468	58,680
Transfer (from)/to deferred taxation account	–	–	(46)	2,243
	523,896	58,958	765,422	60,923
Overprovision in respect of prior years	–	–	(1,897)	(2,234)
	523,896	58,958	763,525	58,689

The tax charges for the Bank and for the Group reflect effective rates that are higher than the statutory rate as certain charges and provisions are not considered deductible for tax purposes.

Tax on business income for the Bank and the Group for the previous year was waived pursuant to the Income Tax (Amendment) Act 1999. As such, no provision was made for taxation on the previous year's business income. Arising from the waiver, the estimated tax savings were RM251,814,000 for the Bank and RM351,907,000 for the Group respectively. The estimated tax exempt income available for distribution as tax exempt dividends for the Bank is RM899,335,000.

Notes To The Accounts (cont'd)

27. DEFERRED TAXATION

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Balance as at July 1	-	-	3,403	1,160
Transfer (to)/from taxation account	-	-	(46)	2,243
Acquisition of a subsidiary company	-	-	265	-
Balance as at June 30	-	-	3,622	3,403
The balance on the deferred taxation account represents the tax effect at 28% (1999: 28%) on the following:				
Lease timing differences	-	-	8,572	8,568
Timing differences between depreciation and corresponding capital allowances on fixed assets	-	-	4,364	3,585
	-	-	12,936	12,153

28. DIVIDENDS

	The Bank/The Group	
	2000 RM'000	1999 RM'000
Interim dividend of 5% (1999: 3%) less 28% income tax	84,071	49,512
Proposed final dividend of 13% (1999: 9%) less 28% income tax	218,835	149,601
Dividend of 9% less 28% income tax paid on ordinary shares issued under ESOS	1,211	-
	304,117	199,113

29. EARNINGS PER SHARE

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Earnings per ordinary share are calculated as follows:				
Basic:				
Net profit for the year after taxation (and minority interest in the case of the Group)	1,020,505	809,787	1,360,405	969,866
Weighted average number of shares in issue	2,330,660	2,292,214	2,330,660	2,292,214
Fully diluted:				
Net profit for the year after taxation (and minority interest in the case of the Group)	1,020,505	809,787	1,360,405	969,866
Weighted average number of shares in issue	2,330,660	2,292,214	2,330,660	2,292,214
Number of shares under ESOS	65,654	93,659	65,654	93,659
Number of shares under ESOS that would have been issued at fair value	(27,860)	(66,768)	(27,860)	(66,768)
Adjusted weighted average number of shares in issue	2,368,454	2,319,105	2,368,454	2,319,105

The adjusted weighted average number of ordinary shares in issue has been arrived at based on the assumption that all share options under the ESOS are exercised on July 1, 1999.

During the year, the Bank and the Group have computed their earnings per share in accordance with MASB Standard 13 - Earnings Per Share. The comparative figures have been restated to conform with this method of computation.

Notes To The Accounts (cont'd)

30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Bank and its subsidiary companies as at June 30 are as follows:

	2000		1999	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
The Bank				
Direct credit substitutes	2,202,651	2,202,651	2,043,513	2,043,513
Certain transaction-related contingent items	3,532,515	1,766,258	2,932,743	1,466,371
Short-term self-liquidating trade-related contingencies	2,458,393	491,679	1,776,329	355,266
Housing loans sold directly and indirectly to Cagamas Berhad	1,392,965	1,392,965	1,561,110	1,561,110
Obligations under underwriting agreements	166,957	83,479	181,182	90,591
Irrevocable commitments to extend credit				
– maturity not exceeding one year	27,670,541	–	32,910,051	–
– maturity exceeding one year	2,835,902	1,417,951	3,406,770	1,703,388
Foreign exchange related contracts				
– less than one year	8,473,889	132,364	11,086,824	167,939
– one year to less than five years	813,516	23,421	281,516	6,203
Interest rate related contracts				
– less than one year	491,521	18,272	952,049	1,889
– one year to less than five years	395,175	37,284	434,450	11,684
– five years and above	961,401	88,564	950,000	57,670
Miscellaneous	2,275,842	–	2,082,209	–
	53,671,268	7,654,888	60,598,746	7,465,624

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

	2000		1999	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
The Group				
Direct credit substitutes	4,124,320	4,124,320	4,388,637	4,388,637
Certain transaction-related contingent items	3,586,119	1,793,060	2,984,466	1,492,233
Short-term self-liquidating trade-related contingencies	2,493,323	498,665	1,779,328	355,865
Housing loans sold directly and indirectly to Cagamas Berhad	3,329,470	3,329,470	2,708,322	2,708,322
Obligations under underwriting agreements	734,567	367,284	814,535	407,267
Obligations arising out of rediscounting of bankers acceptances	86,488	3,460	232,885	9,315
Irrevocable commitments to extend credit				
– maturity not exceeding one year	30,373,979	–	34,562,924	–
– maturity exceeding one year	4,285,779	2,142,890	4,853,105	2,426,556
Foreign exchange related contracts				
– less than one year	8,473,889	132,364	11,086,872	167,954
– one year to less than five years	984,379	37,090	452,379	21,581
Interest rate related contracts				
– less than one year	555,845	18,372	990,049	4,950
– one year to less than five years	395,175	37,284	494,928	12,289
– five years and above	961,401	88,564	950,000	57,670
Miscellaneous	2,285,380	–	2,085,429	–
	62,670,114	12,572,823	68,383,859	12,052,639

The Bank and certain subsidiary companies are contingently liable in respect of housing loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudent criteria.

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

Notes To The Accounts (cont'd)

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

The foreign exchange related contracts and interest rate related contracts are made up as follows:

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Foreign exchange related contracts				
– forward and futures contracts	6,354,624	10,757,630	6,354,624	10,757,678
– cross-currency interest rate swaps	2,932,781	610,710	3,103,644	781,573
Interest rate related contracts				
– forward and futures contracts	–	236,997	–	236,997
– swaps	1,848,097	2,099,502	1,912,421	2,197,980
	11,135,502	13,704,839	11,370,689	13,974,228

Market risk

Market risk is the potential change in value 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.

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. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates or market rates or prices.

As at June 30, the amounts of market risk and credit risk are as follows:

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Market risk				
Amount of contracts which were not hedged and hence, exposed to market risk	62,982	85,054	62,982	85,054
Credit risk				
Amount of credit risk, measured in terms of cost to replace the profitable contracts	18,242	40,215	18,242	40,215

31. CAPITAL AND OTHER COMMITMENTS

- a. Capital expenditure approved by directors but not provided for in the accounts amounted to:

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Authorised and contracted for	119,637	273,222	133,454	387,792
Authorised but not contracted for	150,096	46,983	275,480	113,483
	269,733	320,205	408,934	501,275

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
b. Uncalled capital in shares of subsidiary companies	210	210	-	-

- c. Commitment to inject capital into PT. Bank Maybank Nusa International as follows:

	The Bank/The Group	
	2000 USD/RM'000	1999 USD/RM'000
- as shares	USD12,550 (RM47,690)	-
- as subordinated debt	USD11,000 (RM41,800)	-

- d. The Bank and a subsidiary company are committed to lend up to five times the nominal value of its investment in Export Credit Insurance Corporation of Singapore Limited (ECIC) to meet claims arising as part of the export credit insurance business of the company. ECIC may, at its option, convert the whole or any part of any such loans into fully paid shares.

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Maximum commitments in respect of the investment in ECIC	11,004	11,167	11,334	11,167

Notes To The Accounts (cont'd)

32. CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are as follows:

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Core capital ratio	12.48%	12.03%	10.96%	10.21%
Risk-weighted capital ratio	14.60%	14.74%	15.16%	14.81%
Breakdown of capital base in the various categories of capital:				
Tier 1 capital:				
Paid-up share capital	2,337,975	2,308,661	2,337,975	2,308,661
Share premium	191,749	77,720	191,749	77,720
Other reserves	6,135,160	5,418,772	7,716,716	6,689,771
Tier 1 minority interest	-	-	141,972	144,704
Total tier 1 capital	8,664,884	7,805,153	10,388,412	9,220,856
Tier 2 capital:				
Subordinated obligations	950,000	1,434,000	950,000	1,434,000
General provisions for bad and doubtful debts	2,285,910	2,070,088	3,030,320	2,727,735
Total tier 2 capital	3,235,910	3,504,088	3,980,320	4,161,735
Total capital	11,900,794	11,309,241	14,368,732	13,382,591
Less: Investment in subsidiary companies	(1,766,546)	(1,745,221)	-	-
Total capital base	10,134,248	9,564,020	14,368,732	13,382,591
Breakdown of risk-weighted assets in the various categories of risk-weights:				
0%	17,855,390	12,885,495	23,942,500	19,085,127
10%	3,463,918	4,026,523	4,425,560	5,106,201
20%	12,792,354	12,523,572	17,712,474	16,535,968
50%	9,259,914	7,977,628	12,201,319	10,541,935
100%	61,859,309	57,969,225	84,640,234	81,213,239
	105,230,885	95,382,443	142,922,087	132,482,470

33. SEGMENT INFORMATION

The analysis of Group operations for the year ended June 30, 2000 are as follows:

	Operating revenue RM'000	Profit before taxation RM'000	Assets employed RM'000
a. Analysis by Activity			
2000			
Commercial and merchant banking	6,823,614	1,412,854	99,404,847
Finance company and leasing operations	1,981,066	422,526	21,560,097
Discount house and factoring operations	171,023	114,118	4,065,430
Insurance	183,386	60,103	1,389,182
Stocks and futures broking	132,511	81,807	538,962
Others	42,340	46,080	363,890
	9,333,940	2,137,488	127,322,408
1999			
Commercial and merchant banking	8,156,435	495,321	90,328,379
Finance company and leasing operations	2,571,101	259,517	21,033,636
Discount house and factoring operations	347,247	94,873	4,276,675
Insurance	157,081	52,032	921,639
Stocks and futures broking	63,663	54,915	526,781
Others	43,631	54,291	391,419
	11,339,158	1,010,949	117,478,529
b. Analysis by Geographical Location			
2000			
Malaysia	7,919,524	1,937,165	110,585,686
Singapore	838,073	163,050	11,485,006
Other locations	576,343	37,273	5,251,716
	9,333,940	2,137,488	127,322,408
1999			
Malaysia	9,734,055	996,861	99,589,805
Singapore	980,458	124,448	12,469,417
Other locations	624,645	(110,360)	5,419,307
	11,339,158	1,010,949	117,478,529

Notes To The Accounts (cont'd)

34. SIGNIFICANT EVENTS DURING THE YEAR

a. Acquisition of Pacific Bank Berhad

The Bank was granted approval on August 3, 1999 to commence negotiations with Pacific Bank Berhad with a view to merging the operations of the latter with the Group. On August 24, 2000, a conditional Sale and Purchase Agreement to acquire the banking business of Pacific Bank Berhad for a cash consideration of RM1,250.0 million was signed.

b. Acquisition of PhileoAllied Berhad

The Bank signed a Memorandum of Agreement with PhileoAllied Berhad (PAB) on June 30, 2000.

Negotiations are still ongoing.

c. Acquisition of SimeFinance Berhad

On October 29, 1999, Mayban Finance Berhad entered into a conditional Acquisition Agreement with Sime Bank Berhad to acquire the entire issued and fully paid-up share capital of SimeFinance Berhad. The acquisition was finalised with a purchase consideration of RM76.55 million on August 14, 2000.

d. Absorption of Mayban Factoring Berhad into Mayban Finance Berhad

In line with the rationalisation and streamlining of businesses within the Group, the Bank had, on February 17, 2000, transferred its direct holding in Mayban Factoring Berhad to Mayban Finance Berhad for a total cash consideration of RM2.0 million. Subsequent to this, the business and staff of Mayban Factoring Berhad were absorbed into Mayban Finance Berhad.

e. Acquisition of the Remaining Shares in Mayban Assurance Berhad Not Held by the Bank

Approval for the acquisition of the remaining 5,000,000 ordinary shares of RM1.00 each, representing 6.09% of the issued and fully paid-up share capital of Mayban Assurance Berhad (MAB) by the Bank was obtained from Bank Negara Malaysia on May 30, 2000. The transaction, based on the purchase consideration of RM29.1 million, was completed on July 18, 2000 after the approvals from the other relevant authorities were obtained. Following this exercise, MAB became a wholly owned subsidiary of the Bank.

34. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

f. Acquisition of UMBC Insurans Berhad

Upon acquiring the aggregate equivalent of 78.32% equity interest in UMBC Insurans Berhad (UMBCI), Mayban Assurance Berhad (MAB) made a mandatory offer for the remaining shares of UMBCI. An offer letter dated March 1, 2000 informed the remaining shareholders of UMBCI that pursuant to the mandatory offer, MAB proposed to transfer the assets and liabilities of MAB to UMBCI for a consideration to be satisfied by the issuance of new ordinary shares of UMBCI to MAB. When the offer lapsed on March 21, 2000, MAB increased its stake in UMBCI to 80.8%.

The proposal was approved by Bank Negara Malaysia on April 27, 2000.

g. Strategic Partnership with Fortis International N.V.

Bank Negara Malaysia had, on May 3, 2000, granted permission to the Bank to commence negotiations with Fortis International N.V. for the latter to acquire a 30% equity stake in the insurance businesses of the Group. Negotiations between the two parties are still ongoing.

35. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

a. Acquisition of Additional Stake in Maybank Philippines Incorporated

On July 17, 2000, Bank Negara Malaysia gave the Bank the approval to acquire a 39.83% stake in Maybank Philippines Incorporated (MPI) from Philippines National Bank (PNB) for a cash consideration of Peso 1.412 billion (RM124.1 million). The acquisition was completed on August 18, 2000 with the signing of the stock purchase agreement, increasing the Bank's share in MPI to 99.96%.

b. Establishment of Commercial Banking Branch in Shanghai

On July 26, 2000, the Bank was given a licence by the People's Bank of China to establish a commercial banking branch in Shanghai.

Notes To The Accounts (cont'd)

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) BALANCE SHEETS AS AT JUNE 30, 2000

		The Bank		The Group	
		2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	(a)	1,195,602	1,480,219	1,457,540	1,826,974
Deposits and placements with financial institutions	(b)	40,783	–	70,738	25,050
Dealing securities	(c)	–	–	–	187,675
Investment securities	(d)	280,549	368,187	1,175,824	675,336
Loans and advances	(e)	2,050,261	1,813,789	3,656,970	2,500,036
Other assets	(f)	26,321	81,558	55,166	287,650
		3,593,516	3,743,753	6,416,238	5,502,721
Liabilities					
Deposits from customers	(g)	2,908,182	2,164,053	5,022,334	2,892,506
Deposits and placements of banks and other financial institutions	(h)	233,806	1,434,410	799,568	2,430,340
Obligations on securities sold under repurchased agreements		300	5,100	300	5,100
Bills and acceptances payable		32,257	654	32,257	654
Other liabilities	(i)	262,502	27,676	373,629	51,288
		3,437,047	3,631,893	6,228,088	5,379,888
Islamic banking fund	(j)	156,469	111,860	188,150	122,833
		3,593,516	3,743,753	6,416,238	5,502,721
Commitments And Contingencies					
	(n)	685,985	483,774	762,206	565,414

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

		The Bank		The Group	
		2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
Notes					
Income	(k)	93,162	70,372	187,166	107,857
Loan loss and provision	(l)	(20,069)	(13,430)	(49,180)	(53,993)
Net income		73,093	56,942	137,986	53,864
Overhead expenses	(m)	(8,915)	(1,358)	(30,578)	(6,549)
Profit before taxation and zakat		64,178	55,584	107,408	47,315
Taxation and zakat		(19,569)	(214)	(42,091)	(214)
Profit after taxation and zakat		44,609	55,370	65,317	47,101
Retained profits brought forward		101,860	46,490	99,833	52,732
Retained profits carried forward	(j)	146,469	101,860	165,150	99,833

The accompanying notes form part of these accounts.

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)
NOTES TO THE OPERATIONS OF IBS

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
a. Cash And Short-Term Funds				
Cash and balances with banks and other financial institutions	1,195,602	1,480,219	1,457,540	1,826,974
b. Deposits And Placements With Financial Institutions				
Licensed banks	35,200	–	35,200	–
Licensed finance companies	–	–	1,055	–
Other financial institutions	5,583	–	34,483	25,050
	40,783	–	70,738	25,050
c. Dealing Securities				
Islamic accepted bills	–	–	–	187,675
d. Investment Securities				
Money market instruments:				
Unquoted:				
Malaysian government investment issues	84,118	86,031	368,897	183,957
Islamic debt securities	57,418	136,526	567,760	277,044
Islamic accepted bills	91,013	97,630	91,013	124,616
	232,549	320,187	1,027,670	585,617
Quoted:				
Cagamas Mudharabah bonds	48,000	48,000	48,000	48,000
	280,549	368,187	1,075,670	633,617
Unquoted securities:				
Commercial bills, bonds and notes	–	–	101,956	43,730
	280,549	368,187	1,177,626	677,347
Amortisation of premiums less accretion of discounts	–	–	10,198	1,867
	280,549	368,187	1,187,824	679,214
Provision for diminution in value of Islamic debt securities	–	–	(12,000)	(3,878)
	280,549	368,187	1,175,824	675,336
Market value of quoted money market instruments:				
Cagamas Mudharabah bonds	48,000	48,000	48,000	48,000

Notes To The Accounts (cont'd)

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
d. Investment Securities (Cont'd)				
The maturity structure of money market instruments held for investment are as follows:				
Maturing within one year	228,025	97,630	411,211	274,931
Maturing between one year to three years	-	270,557	317,715	368,482
Maturing between three years to five years	38,740	-	282,759	33,934
Maturing after five years	13,784	-	165,941	-
	280,549	368,187	1,177,626	677,347
e. Loans And Advances				
Overdrafts	232,237	187,945	232,237	187,945
Term financing	2,227,797	1,886,784	2,840,947	2,466,646
Trust receipts	31,462	35,297	121,916	134,225
Hire purchase receivables	-	-	1,679,240	451,225
Other financing	735,880	608,466	886,617	757,993
	3,227,376	2,718,492	5,760,957	3,998,034
Unearned income	(1,119,098)	(872,056)	(1,912,362)	(1,380,793)
Gross loans and advances	2,108,278	1,846,436	3,848,595	2,617,241
Provision for bad and doubtful debts				
- specific	(27,442)	(13,285)	(103,919)	(59,770)
- general	(22,060)	(17,060)	(46,560)	(38,903)
Income-in-suspense	(8,515)	(2,302)	(41,146)	(18,532)
Net loans and advances	2,050,261	1,813,789	3,656,970	2,500,036
Loans and advances analysed by concepts are as follows:				
Al-Bai' Bithaman Ajil	1,341,936	1,203,949	1,462,498	1,370,517
Al-Ijarah	-	-	1,290,743	342,270
Al-Murabahah	766,234	628,898	766,234	628,898
Other principles	108	13,589	329,120	275,556
	2,108,278	1,846,436	3,848,595	2,617,241

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
e. Loans And Advances (Cont'd)				
Loans and advances analysed by their economic purposes are as follows:				
Agriculture	48,510	42,483	48,687	46,936
Manufacturing	511,148	343,002	536,727	362,266
Electricity, gas and water	79,322	58,564	85,097	71,294
Construction	251,688	216,785	280,067	224,340
Real estate	5,032	24,638	5,032	25,062
Purchase of landed property	667,230	408,467	907,782	645,037
(of which: Residential	555,075	339,713	674,503	454,286
Non-Residential)	112,155	68,754	233,279	190,751
General commerce	100,213	217,395	100,213	225,053
Transport, storage and communication	160,616	194,454	165,435	203,829
Finance, insurance and business service	24,350	57,993	61,083	121,678
Purchase of securities	207,321	243,740	271,202	310,878
Purchase of transport vehicles	–	–	1,320,644	341,418
Consumption credit	43,452	33,820	57,139	34,245
Others	9,396	5,095	9,487	5,205
	2,108,278	1,846,436	3,848,595	2,617,241
The maturity structure of loans and advances are as follows:				
Maturing within one year	1,090,970	499,523	1,110,405	515,154
Maturing between one year to three years	5,309	206,952	212,955	293,898
Maturing between three years to five years	104,380	49,857	488,943	259,583
Maturing after five years	907,619	1,090,104	2,036,292	1,548,606
	2,108,278	1,846,436	3,848,595	2,617,241
Movements in the non-performing loans (including income receivables) are as follows:				
Balance at July 1	38,675	13,445	232,303	84,405
Classified during the year	88,657	25,230	253,001	190,064
Non-performing loans of a subsidiary company acquired	–	–	–	46,006
Amount recovered/regularised during the year	(10,004)	–	(162,636)	(83,487)
Amount written off	(1,327)	–	(8,863)	(4,685)
Balance at June 30	116,001	38,675	313,805	232,303

Notes To The Accounts (cont'd)

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
e. Loans And Advances (Cont'd)				
Movements in the provision for bad and doubtful debts and income-in-suspense accounts are as follows:				
Specific Provision				
Balance at July 1	13,285	6,854	59,770	17,765
Provisions made during the year	19,946	10,878	85,736	71,841
Specific provision of a subsidiary company acquired	-	-	-	7,760
Amount written back in respect of recoveries	(4,883)	(4,447)	(35,591)	(33,083)
Amount written off	(906)	-	(5,996)	(4,513)
Balance at June 30	27,442	13,285	103,919	59,770
General Provision				
Balance at July 1	17,060	10,060	38,903	19,860
Provisions made during the year	5,000	7,000	9,331	17,711
General provision of a subsidiary company acquired	-	-	-	1,332
Amount written off	-	-	(1,674)	-
Balance at June 30	22,060	17,060	46,560	38,903
Income-In-Suspense				
Balance at July 1	2,302	69	18,532	3,046
Provisions made during the year	10,071	3,162	36,897	20,695
Income-in-suspense of a subsidiary company acquired	-	-	-	959
Amount written back in respect of recoveries	(3,437)	(929)	(13,323)	(5,905)
Amount written off	(421)	-	(960)	(263)
Balance at June 30	8,515	2,302	41,146	18,532
f. Other Assets				
Other debtors, deposits and prepayments	26,321	81,558	55,166	287,650

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
g. Deposits From Customers				
Demand deposits	685,588	472,502	685,588	472,502
Savings deposits	428,729	268,100	509,371	315,732
General investment deposits	1,759,601	1,379,406	3,793,111	1,937,112
Special investment deposits	34,264	44,045	34,264	167,160
	1,793,865	1,423,451	3,827,375	2,104,272
	2,908,182	2,164,053	5,022,334	2,892,506
The maturity structure of investment deposits are as follows:				
Due within six months	1,675,865	1,274,936	3,644,264	1,904,247
Due between six months to one year	111,437	134,910	165,583	174,470
Maturing between one year to three years	5,945	13,605	16,094	22,566
Maturing between three years to five years	618	–	1,434	2,989
	1,793,865	1,423,451	3,827,375	2,104,272
The deposits are sourced from the following customers:				
Business enterprises	811,112	546,174	2,295,969	896,182
Individuals	732,880	665,101	1,133,240	820,129
Others	1,364,190	952,778	1,593,125	1,176,195
	2,908,182	2,164,053	5,022,334	2,892,506
h. Deposits And Placements Of Banks And Other Financial Institutions				
Licensed banks	196,167	926,602	747,913	1,230,320
Licensed finance companies	–	500,990	5,247	593,738
Other financial institutions	37,639	6,818	46,408	606,282
	233,806	1,434,410	799,568	2,430,340
i. Other Liabilities				
Other liabilities	262,502	27,676	373,629	51,288

Notes To The Accounts (cont'd)

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
j. Islamic Banking Fund				
Funds allocated from Head Office	10,000	10,000	23,000	23,000
Retained profits	146,469	101,860	165,150	99,833
	156,469	111,860	188,150	122,833
k. Income From The Operation Of IBS				
Income derived from investment of depositors' funds	183,566	185,292	340,152	268,365
Income attributable to depositors				
– Other customers	(60,766)	(51,284)	(107,146)	(82,445)
– Bank and financial institutions	(21,107)	(60,915)	(37,905)	(73,967)
Income attributable to the Bank/Group	101,693	73,093	195,101	111,953
Other IBS income	5,166	3,043	5,762	1,302
Other IBS expenses	(13,697)	(5,764)	(13,697)	(5,398)
	93,162	70,372	187,166	107,857

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

	The Bank		The Group	
	Depositors' Funds RM'000	IBF RM'000	Depositors' Funds RM'000	IBF RM'000
2000				
Income from financing	167,280	–	307,698	–
Investment income:				
Gain from sale of investment securities	–	–	11,312	378
Gain from sale of dealing securities	–	–	112	–
Gross dividends from investment securities	15,911	–	26,953	–
Fee income:				
Commission	–	3,167	–	3,167
Service charges and fees	348	1,999	348	1,999
Other fee income	27	–	691	147
Other non-operating income	–	–	–	70
Provision for diminution in value of investment securities	–	–	(6,962)	–
	183,566	5,166	340,152	5,761

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

	The Bank		The Group	
	Depositors' Funds RM'000	IBF RM'000	Depositors' Funds RM'000	IBF RM'000
k. Income From The Operation Of IBS (Cont'd)				
1999				
Income from financing	169,510	–	251,385	–
Investment income:				
Gain from sale of investment securities	15,500	–	16,482	40
Gross dividends from investment securities	–	–	4,094	–
Fee income:				
Commission	–	2,303	–	800
Service charges and fees	275	740	275	740
Other fee income	7	–	7	10
Other non-operating income	–	–	–	77
Provision for diminution in value of investment securities	–	–	(3,878)	–
	185,292	3,043	268,365	1,667

	The Bank		The Group	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
l. Loan Loss And Provision				
Provision for bad and doubtful debts:				
– specific (net)	15,063	6,430	50,145	39,714
– general	5,000	7,000	9,331	16,037
Bad debts-written off	6	–	(10,213)	(1,758)
– recovered	–	–	(83)	–
	20,069	13,430	49,180	53,993
m. Overhead Expenses				
Personnel costs	4,954	1,022	4,954	1,022
Establishment costs	1,676	170	3,928	170
Marketing costs	186	101	197	101
Administration and general expenses	2,099	65	21,499	5,256
	8,915	1,358	30,578	6,549

n. Commitment And Contingencies

In the normal course of business, the Bank and its subsidiary company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Notes To The Accounts (cont'd)

36. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (CONT'D)

Risk weighted exposure of the Bank and its subsidiary company as at June 30 are as follows:

	2000		1999	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
n. Commitment And Contingencies (Cont'd)				
The Bank				
Direct credit substitutes	4,259	4,259	4,687	4,687
Certain transaction-related contingent items	41,555	20,777	31,522	15,761
Short-term self-liquidating trade-related contingencies	8,477	1,695	24,451	4,890
Housing loans sold directly and indirectly to Cagamas Berhad	65,960	65,960	68,096	68,096
Irrevocable commitments to extend credit				
– maturing within one year	322,415	–	171,803	–
– maturing after one year	107,061	53,531	80,881	40,441
Miscellaneous commitments and contingencies	136,258	–	102,334	–
	685,985	146,222	483,774	133,875
The Group				
Direct credit substitutes	4,259	4,259	4,687	4,687
Certain transaction-related contingent items	41,555	20,777	31,522	15,761
Short-term self-liquidating trade-related contingencies	8,477	1,695	24,451	4,890
Housing loans sold directly and indirectly to Cagamas Berhad	65,960	65,960	68,096	68,096
Irrevocable commitments to extend credit				
– maturing within one year	367,126	–	217,461	–
– maturing after one year	138,571	69,286	116,863	58,431
Miscellaneous commitments and contingencies	136,258	–	102,334	–
	762,206	161,977	565,414	151,865

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Statement By Directors

We, **TAN SRI MOHAMED BASIR BIN AHMAD** and **AMIRSHAM A AZIZ**, being two of the directors of **MALAYAN BANKING BERHAD**, state that in the opinion of the directors, the accounts set out on pages 56 to 114 are drawn up in accordance with the applicable approved Malaysian accounting standards so as to give a true and fair view of the state of affairs of the Bank and of the Group as at June 30, 2000 and of their results and cash flows for the year ended on that date.

On behalf of the Board,



TAN SRI MOHAMED BASIR BIN AHMAD
Chairman



AMIRSHAM A AZIZ
Managing Director

Kuala Lumpur,
August 29, 2000

Statutory Declaration

I, **ISMAIL SHAHUDIN**, the director primarily responsible for the financial management of **MALAYAN BANKING BERHAD**, do solemnly and sincerely declare that the accounts set out on pages 56 to 114 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **ISMAIL SHAHUDIN** at)
Kuala Lumpur in the Federal Territory)
on August 29, 2000.)



ISMAIL SHAHUDIN

Before me,



28th Floor, Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur

LIANG HIEN TIEN
Commissioner for Oaths

Report Of The Auditors

to the Members of Malayan Banking Berhad

We have audited the accounts as set out on pages 56 to 114. These accounts are the responsibility of the directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounts are free of material misstatement. Our audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the accounts have been properly drawn up in accordance with the applicable approved Malaysian accounting standards and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Bank and of the Group as at June 30, 2000 and of their results and cash flows for the year ended on that date; and
- b. the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

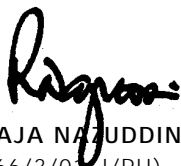
We have considered the accounts and the auditors' reports of all the subsidiary companies for which we have not acted as auditors, being accounts that are included in the Group accounts and which are as indicated in Note 9 to the accounts.

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

The auditors' reports on the accounts of the subsidiary companies do not contain any qualification or any comments made under subsection (3) of section 174 of the Act.



SALLEH, LEONG, AZLAN & CO.
AF: 0010
Public Accountants



RAJA NORDIN BIN RAJA MOHD. NORDIN ALHAJ
666/3/01(J/PH)
Partner of the Firm

Kuala Lumpur,
August 29, 2000