

ABN AMRO Bank Berhad

Laporan Tahunan **2001** Annual Report

2000
1999
1998

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Board of Directors

Lembaga Pengarah



From left to right / dari kiri ke kanan

Krishnan Tan Boon Seng (Appointed on 11.2.2002)

Mohamed Eusoff Abdul Carrim

Dato' Jorgen Bornhoft

General (Rtd) Tan Sri Dato' Mohd Ghazali Seth (Chairman / Pengerusi)

Hugues Jacques Edouard Alain Delcourt

Robert Ralph Davis

Diong Chin Teck

Rosita Ahmad

Chairman's Statement



I am pleased to report that in spite of the challenging market and economic conditions faced during the financial year ended 31 December 2001, ABN AMRO Bank Berhad registered a set of much improved results.

2001 Financial Performance

The Bank registered a 7% increase in net interest income to RM47.4 million despite slower economic growth, price competition and weak credit demand. Non interest income, which was derived mainly from treasury activities, credit structuring, syndication and fixed income, accounted for RM45.4 million, representing 48.9% of the Bank's total revenue of RM92.8 million.

Careful planning ensured that ABN AMRO Bank Berhad optimised the use of its resources. Operating cost growth was limited to 5%, with the bulk consisting mainly of regional related costs associated with internal global restructuring expenses. The resultant cost savings from this global restructuring exercise should benefit the subsidiaries within the network in the medium term.

At the pre-tax level, the Bank's profit improved to RM11.4 million as compared to a loss of RM963,000 in the previous year.

Total assets as at 31 December 2001 stood at RM2.7 billion. Loans and advances totaled RM1.0 billion and customer deposits amounted to RM1.2 billion. Through close monitoring of loan asset quality and prudent lending, ABN AMRO Bank Berhad's net non-performing loans (NPL) ratio continues to be kept well below the industry average. Based on a stringent 3-month classification guidelines as compared to Bank Negara's 6-month classification standard, the Bank's net NPL stood at 3.6% of total loans as at end-2001. ABN AMRO Bank Berhad continued to maintain its buffer against adverse economic conditions with loan loss reserves at 81.6% at 31 December 2001, compared to the industry average of 50.9%.

With the improvement in profitability and the increase in paid-up capital in compliance with Bank Negara Malaysia's new minimum capital requirements, ABN AMRO Bank Berhad's risk weighted capital ratio (RWCR) strengthened to 26.36% compared to 15.86% in the previous year.

The Year Ahead

The year ahead will no doubt be full of challenges for many companies in Malaysia including banking and financial institutions. However, ABN AMRO Bank Berhad remains optimistic that with the inception of the group's new strategy, it will be equipped to face challenges successfully. The Bank will continue to focus on key sectors with great potential, as well as to strengthen the co-ordination between client and product businesses in order improve the efficiency and effectiveness of client servicing ability.



Efforts will continue to be channelled to expand growth through the offering of a wide range of advisory, financing, operational services to target clients. Focus will be on non-interest, fee generating activities such as credit structuring, loan syndication and global financial market activities. In view of the increasing popularity of capital market instruments, the Bank is poised to include derivative instruments as part of its product offering in 2002.

By leveraging on our global network, we are confident of enhancing value to clients by providing a vast array of differing expertise from our international offices. Further, the global reach of our banking network would extend to our clients the ease in co-ordinating their global operations.

Operationally, the adoption of the new management framework by ABN AMRO - Managing for Value (MfV) - has ensured that its business planning and decision making are always consistent with the Bank's overriding objective of maximising value for shareholders.

MfV affects all dimensions of our business. ABN AMRO wants to establish that management decision-making is fact-based, with focus on maximising value. For that, management at all levels has a clear understanding of how and where value is being created as well as the quantum of value produced. This identifies the key drivers that must be fully understood and carefully managed. By delegating clear responsibilities to managers, accountability can explicitly be established. For this, ABN AMRO has to constantly assess its business culture and to enhance the organisational capabilities.

Appreciation

2001 has been a significant year of transition to a new organisational structure and focus for ABN AMRO Bank worldwide. I am confident that the route mapped out is the right one and that the Group will be successful in its mission.

On behalf of the Board of Directors, I wish to thank the management team and all staff for their commitment in meeting the challenges and goals posed during this year of change. We also thank our customers, without whose support we will not be able to attain our goals. To our shareholder, we thank you for your continued support and loyalty.

To Mr Reginald Jerome Rowley who has left the Board, the Board of Directors extends its deep appreciation for his contributions to the Bank. We take this opportunity to welcome Mr Krishnan Tan Boon Seng to the Board.

General (Rtd) Tan Sri Dato' Mohd Ghazali Seth
Chairman

Managing for Value (MfV) was established to ensure management decision-making is fact-based, with focus on maximising value.



Penyata Pengerusi

Saya dengan sukacitanya melaporkan bahawa ABN AMRO Bank Berhad telah mencatatkan keputusan yang jauh lebih cemerlang pada tahun kewangan yang berakhir 31 Disember 2001, walaupun terpaksa mengharungi keadaan pasaran dan ekonomi yang mencabar.



Prestasi Kewangan 2001

Pendapatan faedah bersih Bank bertambah sebanyak 7%, membolehkannya meningkatkan pencapaian kepada RM47.4 juta. Kejayaan ini dikecapi walaupun menghadapi pertumbuhan ekonomi yang perlahan, serta persaingan harga dan permintaan kredit yang semakin susut. Pendapatan bukan faedah yang diperolehi daripada kegiatan perbendaharaan, penyusunan kredit, pensindiketan dan pendapatan tetap mencapai RM45.4 juta, iaitu 48.9% daripada hasil Bank yang berjumlah RM92.8 juta.

Perancangan yang teliti telah memastikan ABN AMRO Bank Berhad memanfaatkan penggunaan sumber-sumbernya dengan efektif. Pertumbuhan kos operasi dihadkan kepada 5%, dengan sebahagian dari kos ini terdiri daripada kos serantau yang berkaitan dengan perbelanjaan penyusunan semula aktiviti global dalaman. Penjimatan kos yang diperolehi daripada penyusunan semula ini seharusnya memberikan manfaat kepada anak-anak syarikat dalam rangkaian ABN AMRO Bank dalam jangka waktu pertengahan.

Keuntungan sebelum cukai Bank meningkat kepada RM11.4 juta berbanding kerugian RM963,000 pada tahun sebelumnya.

Aset Bank pada 31 Disember 2001 berjumlah RM2.7 bilion. Pinjaman dan pendahuluan berjumlah RM1.0 bilion, manakala deposit pelanggan mencecah tahap RM1.2 bilion. Menerusi pengawasan kualiti aset pinjaman secara terperinci dan pemberian pinjaman secara teliti, ABN AMRO Bank Berhad berjaya mengekalkan pinjaman tidak berbayar (NPL) bersih jauh di bawah tahap purata industri. Berdasarkan garis panduan 3 bulan yang lebih ketat berbanding piawaian klasifikasi 6 bulan oleh Bank Negara, NPL bersih Bank berada pada tahap 3.6% daripada jumlah pinjaman pada akhir tahun 2001. ABN AMRO Bank Berhad terus mengekalkan penimbal terhadap kerundungan ekonomi, menerusi rizab kerugian pinjaman sebanyak 81.6% pada 31 Disember 2001, berbanding 50.9% kadar purata industri.

Oleh kerana keuntungan bertambah dan modal saham berbayar telah ditingkatkan untuk mematuhi keperluan modal minimum baru Bank Negara Malaysia, nisbah modal saham berwajaran (RCWR) ABN AMRO Bank Berhad telah meningkat kepada 26.36% berbanding 15.86% pada tahun sebelumnya.

Tinjauan Tahun Semasa

Bagi kebanyakan syarikat di Malaysia, termasuk institusi perbankan dan kewangan, dan juga syarikat-syarikat di seluruh dunia, tahun 2002 pasti penuh cabaran. Namun, ABN AMRO Bank Berhad tetap yakin bahawa dengan pelaksanaan strategi baru Kumpulan, kami bersedia untuk menghadapi cabaran-cabaran yang akan datang. ABN AMRO Bank akan terus memberi tumpuan kepada sektor-sektor penting yang mempunyai potensi besar, di samping memperkukuhkan penyelarasan antara pelanggan dan perniagaan produk, untuk meningkatkan kecekapan, keupayaan dan keberkesanan perkhidmatan pelanggan.

Usaha akan diteruskan untuk meningkatkan pertumbuhan dengan menawarkan pelbagai pilihan khidmat nasihat, kewangan dan operasi kepada pelanggan sasaran. Tumpuan akan diberikan kepada kegiatan bukan faedah, khususnya kegiatan berasaskan yuran seperti penyusunan kredit, sindiket pinjaman dan kegiatan pasaran kewangan global. Oleh kerana instrumen pasaran semakin popular, Bank akan menawarkan instrumen derivatif sebagai sebahagian daripada pilihan produknya pada tahun 2002.

Dengan memanfaatkan rangkaian global Bank, kami yakin akan dapat meningkatkan nilai kepada pelanggan dengan menawarkan pelbagai kepakaran daripada pejabat-pejabat antarabangsa kami. Di samping itu, jangkauan global rangkaian perbankan kami akan memudahkan pelanggan kami menyelaraskan kegiatan global mereka.

Dari segi operasi, satu rangka kerja pengurusan baru yang diterima pakai oleh ABN AMRO – iaitu Menguruskan untuk Nilai (MuN) – memastikan bahawa rancangan perniagaan dan keputusan kami sentiasa selaras dengan matlamat Bank untuk memaksimumkan nilai bagi pemegang saham.

MuN mempengaruhi semua aspek perniagaan kami. ABN AMRO ingin memastikan bahawa semua keputusan pengurusan dibuat berdasarkan fakta, dengan tumpuan untuk memaksimumkan nilai. Untuk itu, pengurusan di semua peringkat diberi gambaran yang jelas tentang cara dan di mana nilai dicipta dan juga jumlah nilai yang dihasilkan. Langkah ini mengenal pasti pemacu penting yang perlu difahami dan diuruskan dengan teliti. Dengan menyerahkan tanggungjawab yang jelas kepada pengurus-pengurus perbankan, akauntabiliti dapat ditetapkan. Justeru itu, ABN AMRO sentiasa perlu menilai budaya perniagaannya dan meningkatkan keupayaan organisasi.



Penghargaan

Tahun 2001 merupakan satu tahun peralihan penting, yang membawa perubahan tumpuan dan struktur organisasi ABN AMRO Bank di seluruh dunia. Saya yakin hala tuju yang ditetapkan adalah haluan yang betul dan Kumpulan ini akan berjaya melaksanakan misinya.

Bagi pihak Lembaga Pengarah, saya mengucapkan ribuan terima kasih kepada pasukan pengurusan dan semua kakitangan kerana berusaha bersungguh-sungguh untuk menyahut cabaran dan mencapai matlamat yang ditetapkan sepanjang tahun perubahan ini. Kami juga mengucapkan terima kasih kepada para pelanggan kami, kerana tanpa sokongan mereka kami pasti tidak dapat mencapai matlamat kami. Kepada para pemegang saham, kami merakamkan setinggi-tinggi penghargaan di atas sokongan dan kesetiaan mereka selama ini.

Lembaga Pengarah juga ingin merakamkan penghargaan terhadap segala sumbangan Encik Reginald Jerome Rowley, yang telah melepaskan jawatannya dengan kami. Di samping itu, kami mengambil kesempatan ini untuk mengalu-alukan Encik Krishnan Tan Boon Seng ke dalam Lembaga Pengarah Bank.

General (Rtd) Tan Sri Dato' Mohd Ghazali Seth
Pengerusi

In Malaysia, public spending was a key stimulus towards economic growth in 2001.



Managing Director's Review



2001 was a challenging year for the global economy, as world economies struggled to regain some strength amidst recessionary conditions. The tragic events of September 11, 2001 in the United States further exacerbated the difficult business environment, and the outlook for the remaining of 2001 was one tinged with uncertainty.

Malaysia was no exception as the predominantly export-driven economy was similarly impeded, forestalling an on-going recovery. The detrimental effects of the global slowdown were however mitigated to some extent by the fiscal pump-priming activities initiated by the Malaysian Government that was evident in the country's 2001 GDP growth of 0.4%. Public spending was a key stimulus towards economic growth in 2001, with private consumption proving to be more resilient than anticipated. The 2001 GDP growth may be marginal, but the fact that the economy remained in positive territory was a feat in itself given the challenges faced during the year.

Financial Review

Despite the challenging circumstances and the implementation of ABN AMRO's global restructuring programme in the midst of a high degree of external uncertainty, the underlying business of ABN AMRO Bank Berhad continued to grow.

I am pleased to announce that ABN AMRO Bank Berhad showed much improved performance for the financial year ended 31 December 2001. The stronger performance was earmarked by several key capital market related deals engaged by the Bank, as reflected in its non interest income of RM45.4 million. Despite slower economic growth, price competition and weak credit demand from the corporate sector, net interest income grew by 7% to RM47.4 million.

A reduction in loan loss provisioning arising from lower specific provisions required for the year, as well as lower provision for restructuring costs also contributed to a higher pre-tax profit.

The year under review saw weak loan demand owing to increased disintermediation, with major corporations issuing Private Debt Securities (PDS) to refinance borrowings as well as to fund revived infrastructure projects at favourable long term fixed interest rates. This, coupled with the Bank's strategy of focusing on selected key local and multinational corporate clients and financial institutions as part of the group's restructuring programme, saw total loans outstanding contracting to RM1.0 billion.

Net non-performing loans (NPL) continued to be managed at a low level, well below the industry average as a direct result of the Group's sound credit risk management policies. Based on a stringent 3-month classification guideline, the Bank's net NPL stood at 3.6% of total loans.

Review of Activities

► **Client Coverage** The key development for ABN AMRO Bank Berhad in 2001 has been a much sharper focus on clients, and sectors with the greatest profit potential. This was well-supported by a much stronger alignment and co-ordination between our clients and product businesses. As a result the Bank reflected a very credible level and quality of deals closed in the last quarter of 2001, as well as the pipeline that will yield results in 2002.

Attention has been and will continue to be given to capital management. Capital is allocated to clients and products that offer the greatest opportunities for economic growth and economic profit. Capital is proactively managed and allocated at the relationship and transaction level, which on an economic profit basis is most deserving.



► **Products Business Units** Global Financial Markets (GFM) had another successful year in 2001 and remains the star performer of the Bank through the offering of a broad range of products spanning from debt origination to foreign exchange, derivatives trading and Fixed Income sales and trading, to corporate and financial institutions. Our distribution and trading capabilities have also been further expanded and the Bank continues to play an important role in creating an active secondary market. Whilst GFM has benefited from the favourable interest rate environment, the end result also reflected important steps taken to improve the quality and sustainability of earnings.

In 2001, Loan Products saw improved performance in terms of both net interest income and commission income. Loan Products' focus has been on higher value-added products that offer better returns such as structured facilities.

Global Transaction Services (GTS) has been a steady performer. The inherent attractiveness of a flow product such as GTS is that it is largely immune to the vagaries of the economic cycle. During the year, the Bank continued to grow its Global Transaction Services (GTS), providing cash management, trade services and clearing solutions to corporate clients and financial institutions, with a view to strengthening our position in these core markets.

To help clients streamline costs by automating payments and collections, we developed reliable interfaces to link their internal systems to our global network. Additionally, we provided clients valuable stepping-stones as they migrated to a world of online commerce, providing services for efficiency, business advantage and trust.

In the trade finance business, numerous initiatives such as just-in-time processing and innovative delivery channels have allowed ABN AMRO Bank Berhad to establish superior service standards and state-of-the-art processing for trade transactions.

Outlook for 2002

The country's economic outlook for 2002 is projected to gradually improve following the implementation of government policies to reinvigorate the economy, and boost domestic consumption. Growth is likely to be reinforced by a recovery in exports, which is expected to lead to an economic revival by mid-2002.

The Government remains committed to developing and strengthening the banking sector in the country. The positive results achieved through the successful resolution of a number of large Corporate Debt Restructuring Committee cases as well as the various measures introduced to improve the risk management practices of banking institutions is expected to contribute towards reducing the level of NPLs in the banking system this year.

As the economy is envisaged to record stronger performance in 2002, coupled with improving asset quality of the banking system, ABN AMRO Bank Berhad is confident that its momentum for growth will continue into the new financial year. The Bank will strengthen its position within the industry, and add value to its shareholder. Efficient bank-wide risk management will remain an important area in which ABN AMRO Bank Berhad will be focusing on to ensure better returns on capital.

With the firm foundation set in the past year and the general economy on the mend, ABN AMRO Bank Berhad is confident that with its highly motivated resources, it will be well prepared to face the challenges of the year ahead.



Appreciation to the Malaysia team

On behalf of the Management team, I would like to extend my sincere gratitude and thanks to all the staff of ABN AMRO Bank Berhad for their hard work towards making the new ABN AMRO a success, and to maximising the value we create every day for our clients, colleagues and shareholder. Let us all work together to ensure an even stronger performance over the coming months, and year ahead.

To our valued customers, shareholder and to my fellow Board members, thank you for your continued support, wisdom and guidance.

Hugues Delcourt
Managing Director

Global Financial Markets (GFM) remains the star performer of ABN AMRO Bank Berhad.



Penilaian Prestasi

Pengarah Urusan



Tahun 2001 merupakan tahun yang mencabar bagi ekonomi global. Seluruh dunia berjuang untuk memulihkan kekuatan setelah dilanda kemelesetan. Serangan 11 September, 2001 di Amerika Syarikat memburukkan lagi suasana perniagaan, dan menimbulkan keadaan yang semakin tidak pasti.

Malaysia tidak terkecuali daripada bahana serangan itu, kerana ekonomi kita yang berpacuan eksport turut terjejas, menyebabkan pemulihan yang sudah bermula tertangguh sementara. Namun, kesan buruk kemelesetan ekonomi dapat ditampung oleh kegiatan suntikan fiskal yang dilaksanakan oleh Kerajaan Malaysia. Ini terbukti daripada pertumbuhan KDNK 0.4% yang dicatatkan pada tahun 2001. Perbelanjaan awam, khususnya perbelanjaan peribadi yang lebih bingkis daripada yang dijangkakan, menjadi perangsang utama pertumbuhan ekonomi pada tahun 2001. Sungguhpun kadar pertumbuhan KDNK pada tahun 2001 amat kecil, keupayaan negara mencatat pertumbuhan positif adalah satu pencapaian besar, memandangkan cabaran yang dihadapi dalam tahun 2001.

Pencapaian Kewangan

Walaupun keadaan ekonomi begitu mencabar dan program penyusunan semula ABN AMRO terpaksa dilaksanakan dalam persekitaran dunia yang tidak menentu, ABN AMRO Bank tetap meneruskan pertumbuhan kukuh perniagaannya.

Justeru itu, saya dengan sukacitanya mengumumkan bahawa ABN AMRO Bank Berhad telah mencatatkan prestasi yang lebih baik bagi tahun kewangan berakhir 31 Disember 2001. Prestasi lebih kukuh ini dapat dilihat daripada pembabitan Bank dalam beberapa urusan niaga pasaran modal yang penting dan pendapatan bukan faedah yang berjumlah RM45.4 juta. Walaupun menghadapi pertumbuhan ekonomi yang semakin lembab, persaingan harga dan permintaan kredit yang semakin susut daripada sektor korporat, pendapatan faedah bersih meningkat sebanyak 7% kepada RM47.4 juta.

Pengurangan peruntukan kerugian pinjaman disebabkan oleh peruntukan khusus yang lebih rendah bagi tahun ini, di samping peruntukan lebih rendah bagi kos penyusunan semula yang turut menyumbang kepada keuntungan sebelum cukai yang lebih tinggi.

Permintaan pinjaman agak lemah pada tahun yang dilaporkan kerana penyahantaraan yang semakin meningkat, memandangkan syarikat-syarikat besar lebih cenderung menerbitkan Sekuriti Hutang Swasta (SHS) untuk membiayai semula pinjaman dan juga membiayai projek infrastruktur yang dibangunkan semula pada kadar faedah tetap jangka panjang yang lebih menarik. Di samping itu, strategi Bank untuk memberi tumpuan kepada pelanggan korporat multinasional dan institusi kewangan tempatan dan antarabangsa sebagai sebahagian daripada program penyusunan semula kumpulan, menyebabkan jumlah pinjaman belum berbayar merosot kepada RM1.0 bilion.

Pinjaman tidak berbayar (NPL) bersih berjaya dikekalkan pada tahap yang rendah, jauh di bawah tahap purata industri. Kejayaan ini dicapai hasil daripada dasar pengurusan risiko kredit Kumpulan yang kukuh. Berdasarkan garis panduan klasifikasi 3 bulan yang ketat, NPL bersih Bank berada pada tahap 3.6% daripada jumlah pinjaman.

Tinjauan Kegiatan

► **Liputan Pelanggan** Kemajuan penting yang dicapai oleh ABN AMRO Bank Berhad pada tahun 2001 ialah tumpuan lebih kukuh kepada pelanggan dan sektor yang mempunyai potensi keuntungan paling besar. Usaha ini disokong oleh penyelarasan yang lebih baik antara pelanggan dan perniagaan produk kami. Ini membolehkan Bank melaksanakan urus niaga yang lebih berkualiti dan sangat mantap pada suku terakhir tahun 2001, di samping menyediakan saluran untuk hasil yang baik pada tahun 2002.

Perhatian telah dan akan terus diberikan kepada pengurusan modal. Modal diperuntukkan kepada pelanggan dan produk yang menawarkan peluang pertumbuhan dan keuntungan ekonomi yang paling besar. Modal diuruskan secara proaktif dan diperuntukkan pada peringkat hubungan dan urus niaga, mengikut kriteria pulangan paling menguntungkan dari segi ekonomi.



► **Unit Perniagaan Produk** Tahun 2001 merupakan satu lagi tahun yang memberangsangkan bagi Pasaran Kewangan Global (PKG), yang membolehkan Bank terus mencatat prestasi paling cemerlang. Bahagian ini menawarkan pelbagai pilihan produk kepada institusi korporat dan kewangan, termasuk penajaan hutang, tukaran asing, dagangan derivatif serta jualan dan perdagangan Pendapatan Tetap. Keupayaan pengedaran dan perdagangan korporat kami juga telah dipertingkatkan lagi dan Bank akan terus memainkan peranan penting untuk menjana pasaran sekunder yang aktif. Walaupun PKG telah mendapat manfaat daripada kadar faedah yang lebih menggalakkan, keputusan yang dicapai juga mencerminkan langkah-langkah penting yang telah diambil untuk meningkatkan kualiti dan pendapatan berkekalan.

Pada tahun 2001, Produk Pinjaman mencatat peningkatan dari segi pendapatan faedah bersih dan pendapatan komisen. Produk Pinjaman lebih tertumpu kepada produk nilai tambahan yang menawarkan pulangan lebih lumayan, seperti kemudahan tersusun.

Perkhidmatan Urus Niaga Global (PUNG) terus memperlihatkan pencapaian yang mantap. Produk seperti PUNG pada amnya tidak terjejas dengan turun-naik kitaran ekonomi dan ini memberi kelebihan kepada Bank. Pada tahun yang dilaporkan, ABN AMRO Bank terus meluaskan Perkhidmatan Urus Niaga Global (PUNG), dengan menawarkan pengurusan tunai, khidmat dagangan dan rumusan penjelasan kepada pelanggan korporat dan institusi kewangan. Matlamat PUNG ialah untuk memperkukuhkan kedudukan dalam pasaran-pasaran teras ini.

Untuk membantu pelanggan menyelaraskan kos dengan mengautomasikan pembayaran dan kutipan, kami telah mencipta antara muka (interface) yang boleh dipercayai, untuk menghubungkan sistem dalaman mereka kepada rangkaian global kami. Di samping itu, kami menyediakan batu loncatan yang berharga untuk pelanggan berpindah ke dunia e-dagang dalam talian, dengan menyediakan perkhidmatan yang meningkatkan kecekapan, memberi kelebihan perniagaan dan pegangan amanah.

Dalam perniagaan pembiayaan perdagangan, pelbagai inisiatif seperti pemprosesan yang tepat pada masanya dan saluran pengedaran yang inovatif telah membolehkan ABN AMRO Bank Berhad menetapkan tahap piawaian perkhidmatan yang unggul dan keupayaan pemprosesan terkini bagi urus niaga perdagangan.



Prospek Bagi Tahun 2002

Ekonomi negara dijangka beransur pulih berikutan pelaksanaan dasar-dasar kerajaan untuk mempergiatkan ekonomi dan meningkatkan perbelanjaan dalam negeri. Pertumbuhan mungkin akan diperkukuhkan oleh pemulihan eksport, yang seterusnya akan merangsangkan pemulihan ekonomi menjelang pertengahan 2002.

Kerajaan tetap bertekad untuk membangun dan memperkukuhkan sektor perbankan di negara ini. Keputusan positif yang dibuat oleh Jawatankuasa Penyusunan Semula Hutang untuk menyelesaikan beberapa kes serta pelbagai langkah yang diambil untuk meningkatkan amalan pengurusan risiko institusi-institusi perbankan dijangka membantu menurunkan tahap NPL dalam sistem perbankan tahun ini.

Memandangkan ekonomi dijangka mencatatkan prestasi yang lebih kukuh pada tahun 2002, ditambah pula kualiti aset yang semakin baik dalam sistem perbankan, ABN AMRO Bank Berhad yakin momentum pertumbuhannya dapat diteruskan ke tahun kewangan baru. Bank akan memperkuatkan kedudukannya dalam industri dan menambah nilai bagi pemegang saham. Pengurusan risiko yang cekap akan terus menjadi tumpuan utama ABN AMRO Bank untuk menjamin pulangan modal yang lebih baik.

Dengan asas kukuh yang dibina pada tahun lalu, serta sokongan tenaga kerja yang bermotivasi tinggi, dan pemulihan ekonomi pada amnya, ABN AMRO Bank Berhad yakin ia bersedia untuk menempuh cabaran yang bakal dihadapi pada tahun semasa.

Penghargaan Kepada Pasukan di Malaysia

Bagi pihak pasukan Pengurusan, saya ingin merakamkan setinggi-tinggi penghargaan dan mengucapkan terima kasih kepada semua kakitangan ABN AMRO Bank Berhad kerana kegigihan mereka menjamin kejayaan ABN AMRO baru, dan juga kerana memaksimumkan nilai yang kita cipta setiap hari untuk para pelanggan, rakan sekerja dan pemegang saham kita. Marilah kita bekerjasama untuk menjamin prestasi yang lebih kukuh pada bulan-bulan yang akan datang, dan juga pada tahun semasa.

Kepada para pelanggan, pemegang saham dan ahli Lembaga Pengarah kami, ribuan terima kasih diucapkan kerana sokongan, kebijaksanaan dan panduan berterusan yang diberikan kepada kami selama ini

Hugues Delcourt
Pengarah Urusan

Calendar 2001

January	ABN AMRO Bank Berhad kicked off 2001 with renewed enthusiasm to relentlessly enhance and focus businesses to improve efficiency, in line with the restructuring and strategic direction of the ABN AMRO Group worldwide.
February	Enter the Year of the Snake! ABN AMRO Bank Berhad bids its Chinese clientele and staff a very prosperous Chinese New Year.
March	A formal ceremony was held to officiate ABN AMRO House, the Bank's former Penang branch, as a cultural centre for the public and boasts a showcase of performing and visual arts. The colonial-inspired building has been transformed into a stylish venue for art appreciation and dining. The building remains a monument of ABN AMRO's presence in Malaysia since 1888.
April	ABN AMRO Bank Berhad was successful in winning a Corporate Finance Advisory mandate for the delisting of Sime Darby Berhad's overseas subsidiaries in Singapore and Hong Kong. Spin off deals from the advisory include a syndicated bridge financing of SGD160 million, which was very well received by the market. This further solidified ABN AMRO Bank Berhad's position as key banker to the Sime Darby Group.
May	"A Whole New World", a GTS offsite at Colmar Tropicale, Bukit Tinggi Resort. A total of 23 staff from GTS and Operations participated at the offsite.
June	ABN AMRO Bank Berhad's Golf Tournament 2001 was held at the Kuala Lumpur Golf & Country Club.



January / Januari



March / Mac

July	ABN AMRO Bank Berhad contributed RM50,000 towards "The Penang Story Project", which was jointly organised by The Penang Heritage Trust and Star Publications (M) Bhd. The objective of the project includes supporting historical conservation as part of its nomination to UNESCO in conjunction with the World Heritage campaign.
August	The magic of the movies hits ABN AMRO! Staff was treated to a movie, courtesy of Global Financial Markets, as part of Senior Management Council's initiative.
September	A blood donation campaign, jointly organised by ABN AMRO Bank Berhad and Jabatan Perkhidmatan Darah, was a resounding success with more than 40 brave employees participating in the event for a noble cause.
October	ABN AMRO Bank Berhad received the regional cash mandate from NEC Asia Pacific to provide them with regional disbursement and domestic collection services for their operations in Korea, Australia / New Zealand, Malaysia, Philippines, Singapore and Hong Kong.
November	ABN AMRO executed a US\$735 million bridge facility for Maxis Holdings Sdn Bhd against a backdrop of an increasingly challenging market climate for telcos. It represents the largest syndicated facility for a Malaysian corporate since the Asian crisis. It is also the largest syndicated financing ever in Asia (ex-Japan) for the acquisition of an unlisted telecommunications company.
December	Looking back, 2001 was a challenging but fruitful year for ABN AMRO Bank Berhad. The strength and endurance displayed by the staff have improved business performance and developed synergies whilst

Kalendar 2001



April / April



May / Mei



November / November

- Januari** ABN AMRO Bank Berhad memulakan tahun 2001 dengan semangat baru untuk berusaha meningkatkan perniagaan serta kecekapan, selaras dengan penyusunan semula dan haluan strategik Kumpulan ABN AMRO di seluruh dunia.
- Februari** Memasuki Tahun Ular!
ABN AMRO Bank Berhad mengucapkan Selamat Tahun Baru Cina kepada pelanggannya dan kakitangan yang berketurunan Cina.
- Mac** Satu majlis formal telah diadakan untuk merasmikan ABN AMRO House, bangunan bekas cawangan Bank di Pulau Pinang, sebagai pusat kebudayaan untuk orang ramai menikmati seni persembahan dan seni visual. Bangunan dengan reka bentuk seni bina kolonial itu ditukar menjadi pusat menghargai seni dan menjamu selera, dan dikekalkan sebagai tugu memperingati kehadiran ABN AMRO di Malaysia sejak tahun 1888.
- April** ABN AMRO Bank Berhad berjaya mendapat mandat sebagai Penasihat Kewangan Korporat untuk mengeluarkan anak-anak syarikat Sime Darby Berhad di luar negeri daripada penyenaraian di Singapura dan Hong Kong. Urus niaga yang diperolehi daripadanya termasuk pembiayaan sambungan bersindiket SGD160 juta, yang mendapat sambutan hangat daripada pasaran. Ini mengukuhkan lagi kedudukan ABN Bank Berhad sebagai bank utama kepada Kumpulan Sime Darby.
- Mei** Seminar/Persidangan GTS bertema “Dunia Serba Baru” telah berlangsung di Colmar Tropicale, Bukit Tinggi Resort. Seramai 23 kakitangan dari GTS dan Bahagian Operasi menyertainya.
- Jun** Pertandingan Golf ABN AMRO Bank Berhad telah diadakan di Kuala Lumpur Golf & Country Club.
- Julai** ABN AMRO Bank Berhad menyumbang RM50,000 kepada “Projek Cerita Pulau Pinang”, yang dianjurkan bersama oleh Amanah Warisan Pulau Pinang dan Star Publications (M) Bhd. Objektif projek ini termasuk menyokong pemuliharaan tapak-tapak bersejarah sebagai sebahagian daripada pencalonannya untuk pengiktirafan UNESCO sempena kempen Warisan Dunia.
- Ogos** Kakitangan ABN AMRO dihiburkan dengan tayangan filem sumbangan Global Financial Markets sebagai sebahagian daripada daya usaha Majlis Pengurusan Kanan.
- September** Kempen derma darah, yang dianjurkan oleh ABN AMRO Bank Berhad bersama Jabatan Perkhidmatan D a r a h , mendapat sambutan menggalakkan. Lebih 40 orang kakitangan menyertai kempen amal ini.
- Oktober** ABN AMRO Bank Berhad mendapat mandat kendalian tunai serantau daripada NEC Asia Pasifik untuk menyediakan perkhidmatan pembayaran serantau dan kutipan domestik bagi operasi mereka di Korea, Australia / New Zealand, Malaysia, Filipina, Singapura dan Hong Kong.
- November** ABN AMRO Bank Berhad menguruskan kemudahan sambungan bernilai US\$735 juta untuk Maxis Holdings Sdn Bhd dalam suasana pasaran yang semakin mencabar bagi syarikat-syarikat telekomunikasi. Ia merupakan kemudahan bersindiket yang terbesar bagi sebuah syarikat Malaysia sejak krisis Asia. Ia juga merupakan kemudahan pembiayaan bersindiket yang terbesar di Asia (kecuali Jepun) bagi syarikat telekomunikasi yang tidak disenaraikan.
- Disember** Jika diimbas kembali, 2001 adalah tahun yang mencabar tetapi menguntungkan bagi ABN AMRO Bank

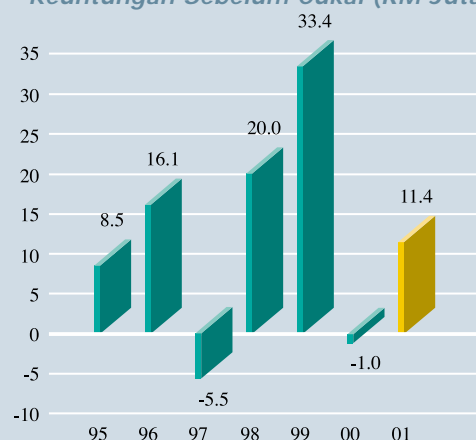
Financial Highlights

Intisari Kewangan

Net Revenue (RM Million)
Pendapatan Bersih (RM Juta)



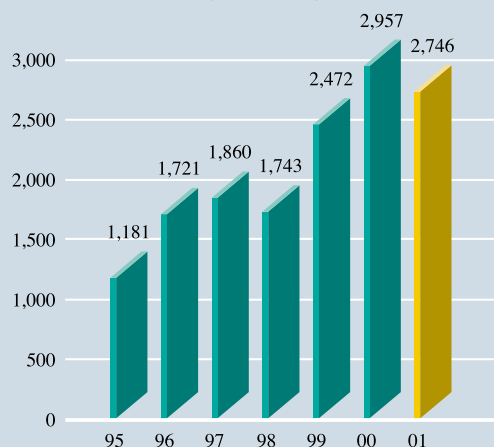
Pre-Tax Profit (RM Million)
Keuntungan Sebelum Cukai (RM Juta)



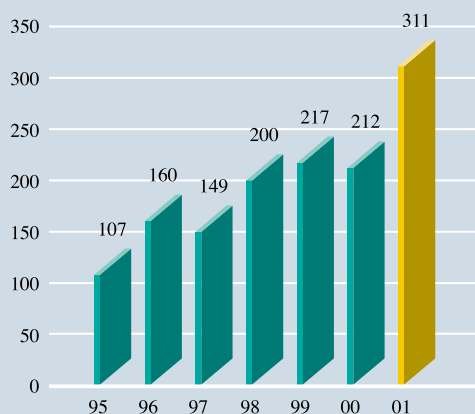
Earnings Per Share (Sen)
Pendapatan Sesaham (Sen)



Total Assets (RM Million)
Jumlah Aset (RM Juta)



Shareholders' Funds (RM Million)
Dana Pemegang Saham (RM Juta)



Capital Ratio (%)
Nisbah Modal (%)



Financial Statements

Directors' Report

For The Year Ended 31 December 2001

The Directors present their report and the audited financial statements of the Bank and of the Group for the year ended 31 December 2001.

Principal Activities

The principal activities of the Bank are banking and related financial services.

The principal activities of the subsidiary companies are disclosed in Note 11 to the financial statements.

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

Financial Results

	Group and Bank RM'000
Profit before taxation	11,391
Taxation	(7,116)
Profit after taxation	4,275
Transfer to statutory reserves	(2,138)
Profit after transfer to statutory reserves	2,137
Accumulated loss brought forward	(2,847)
Accumulated loss carried forward	(710)

Dividend

No dividend was paid or proposed since the end of the previous year.

Share Capital

During the financial year, the issued and paid up share capital of the Bank was increased from RM108,818,002 comprising 108,818,002 ordinary shares of RM1.00 each to RM203,000,002 comprising 203,000,002 ordinary shares of RM1.00 each by the issuance of 94,182,000 new ordinary shares of RM1.00 each, for the purpose of achieving minimum capital requirements as set by Bank Negara Malaysia.

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

Non Performing Debts And Financing

Before the financial statements of the Bank and the Group were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of provisions for non-performing debts and financing and satisfied themselves that all known bad debts and financing had been written off and adequate provisions had been made for non-performing debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the provision for non-performing debts and financing, in the financial statements of the Bank and of the Group inadequate to any substantial extent.

Currents Assets

Before the financial statements of the Bank and of the Group were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, have been written down to an amount which they might be expected 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 financial statements of the Bank and render the values attributed to the current assets in the financial statements of the Bank and of the Group 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 methods of valuation of assets or liabilities in the financial statements of the Bank and of the Group misleading or inappropriate.

Contingent And Other Liabilities

As at the date of this report there does not exist:

- (i) any charge on the assets of the Bank or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Bank or of the Group that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent liability or other liability of the Bank and of the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Bank and of the Group 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 financial statements of the Bank and of the Group, that would render any amount stated in the financial statements and consolidated financial statements misleading.

Items Of An Unusual Nature

In the opinion of the Directors:

- (i) the results of the operations of the Bank and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Bank and of the Group for the current financial year in which this report is made.

Directors

The names of the Directors of the Bank in office since the date of the last report and at the date of this report are:

General (Rtd) Tan Sri Dato' Mohd Ghazali Seth
Diong Chin Teck @ Tiong Chin Sang
Dato' Jorgen Bornhoft
Reginald Jerome Rowley
Hugues Jacques Edouard Alain Delcourt
Mohamed Eusoff Abdul Carrim
Rosita Ahmad
Robert Ralph Dalvis (*Appointed on 30.4.2001*)
Krishnan Tan Boon Seng (*Appointed on 11.2.2002*)

In accordance with Article 90 of the Bank's Articles of Association, Reginald Jerome Rowley and Rosita Ahmad retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 108 of the Bank's Articles of Association, Robert Ralph Davis retires and, being eligible, offers himself for re-election.

General (Rtd) Tan Sri Dato' Mohd Ghazali Seth being over seventy years of age, retires in accordance with Section 129(2) of the Companies Act, 1965. The Board recommends that he be re-appointed as Director in accordance with Section 129(6) of the Act.

Directors' Interests

None of the Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act 1965 an interest in shares in the Bank or its related corporations.

Directors' Benefits

Since the end of the previous 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 the Directors shown in the financial statements, or the fixed salary of a full-time employee of the Bank) by reason of a contract made by the Bank or a related corporation 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.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank is a party whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Holding Companies

The Directors regard ABN AMRO Bank N.V. and ABN AMRO Holding N.V., as the immediate and ultimate holding companies of the Bank. Both companies are incorporated in the Netherlands.

Significant Event During The Year

An agreement was signed between the Bank and a third party bank incorporated in Malaysia on 27 June 2001 whereby the Bank has agreed to sell their residential term loan portfolio. The consideration and finalisation of this sale are dependent on terms and conditions stipulated in the agreement and findings arising from a due diligence audit conducted by the purchaser.

Business Plan And Strategy For Financial Year Ended 31 December 2001

Further to ABN AMRO Group restructuring, ABN AMRO Bank Berhad continued with its strategy to be a premier provider of services within its core businesses, namely corporate and institutional banking, global financial markets and global transaction services. At the operational level, the Bank focused on increasing efficiency through various initiatives such as process flow engineering and resource optimisation.

In the corporate banking arena, the Bank remained focused on leveraging its relationship with its customers with the aim of achieving effective cross-selling of its banking services and products. Increased competition, coupled with thinning margins, saw ABN AMRO Bank Berhad adopting a paradigm shift away from traditional banking products with focus channelled towards fee generating banking activities such as credit structuring and syndication.

Outlook For 2002

The Malaysian economy is expected to strengthen in 2002 as fiscal spending accelerates while consumer demand remained resilient as household spending is buoyed by fiscal incentives for civil servants and private consumer demand insulated somewhat by the high savings rate. This will be reinforced by the projected recovery in exports, leading to an expected economic revival by mid-2002.

The Bank expects to see further improvement in its performance in the current financial year 2002. This will be realised from the flow-through benefits and cost savings arising from the Group restructuring as the Bank continues to place emphasis in upgrading client coverage skills, investing further to develop product capabilities in key areas and enhancing financing and operational services. There is further room for growth in fee and commission income as the Bank continues to win market share with its superior platforms and broad international network.

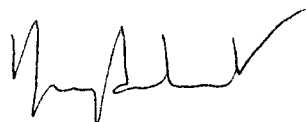
Rating By Agency

RAM, Ratings Agency Malaysia Berhad, reaffirmed the Bank's long term rating of AA2 and its short-term rating of P1. The ratings were based on the Bank's sound asset quality, relatively stable funding and well-capitalised position. The progress that the Bank had made in positioning itself to compete effectively in the domestic market as well as the Bank's position as a wholly owned subsidiary of ABN AMRO Holding NV, a major global banking institution with a very strong franchise and prudent operation, were considered in the above rating.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,



Hugues Jacques Edouard Alain Delcourt

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) Directors

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Mohamed Eusoff Abdul Carrim

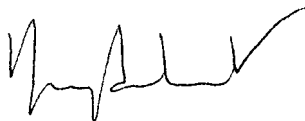
Kuala Lumpur, Malaysia
4 March 2002

Statement By Directors

We, HUGUES JACQUES EDOUARD ALAIN DELCOURT and MOHAMED EUSOFF ABDUL CARRIM, being two of the Directors of ABN AMRO BANK BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 27 to 47 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the Group and of the Bank as at 31 December 2001 and of the results of the business of the Group and of the Bank for the year ended on that date;
- (ii) the cash flows of the Group and of the Bank for the year ended 31 December 2001.

On behalf of the Board,



Hugues Jacques Edouard Alain Delcourt

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) Directors

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Mohamed Eusoff Abdul Carrim

Kuala Lumpur, Malaysia
4 March 2002

Statutory Declaration

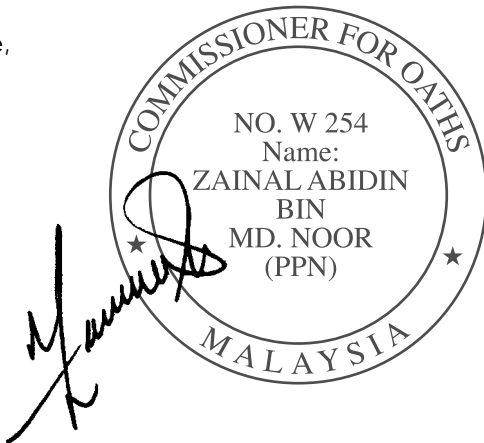
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, ROSITA AHMAD, being the officer primarily responsible for the financial management of ABN AMRO BANK BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 27 to 47 are to the best of my knowledge and belief, 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 **ROSITA AHMAD**
at Kuala Lumpur in the Federal Territory
on 4 March 2002


ROSITA AHMAD

Before me,



Auditors' Report

To The Members Of ABN AMRO Bank Berhad

We have audited the financial statements and consolidated financial statements set out on pages 27 to 47. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

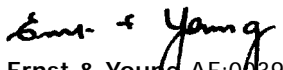
We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

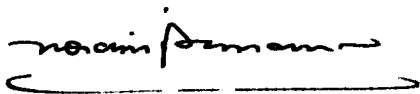
In our opinion:

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act 1965, Bank Negara Malaysia Guidelines and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Bank as at 31 December 2001 and of the results and cash flows of the Group and of the Bank for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements and consolidated financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by the subsidiaries for which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.


Ernst & Young AF:0039
Chartered Accountants



Dato' Nordin bin Baharuddin 837/3/02(J)
Partner

Kuala Lumpur, Malaysia
4 March 2002

Balance Sheets

As At 31 December 2001

	Note	Group		Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
ASSETS					
Cash and short-term funds	4	520,429	484,419	520,429	484,419
Deposits and placements with financial institutions	5	659,052	479,205	659,052	479,205
Dealing securities	6	73,866	46,331	73,866	46,331
Investment securities	7	345,114	652,934	345,114	652,934
Loans and advances	8	1,009,850	1,168,252	1,009,850	1,168,252
Other assets	9	60,467	30,216	60,467	30,216
Statutory deposits with Bank Negara Malaysia	10	70,832	81,283	70,832	81,283
Investment in subsidiary companies	11	-	-	20	20
Property, plant and equipment	12	6,098	14,321	6,098	14,321
TOTAL ASSETS		2,745,708	2,956,961	2,745,728	2,956,981
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	1,190,802	1,346,900	1,190,822	1,346,920
Deposits and placements of banks and other financial institutions	14	1,033,537	1,223,607	1,033,537	1,223,607
Bills and acceptances payable		9,940	29,519	9,940	29,519
Other liabilities	15	200,789	144,752	200,789	144,752
TOTAL LIABILITIES		2,435,068	2,744,778	2,435,088	2,744,798
Share Capital	16	203,000	108,818	203,000	108,818
Reserves	17	107,640	103,365	107,640	103,365
SHAREHOLDERS' FUNDS		310,640	212,183	310,640	212,183
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		2,745,708	2,956,961	2,745,728	2,956,981
COMMITMENTS AND CONTINGENCIES	31	6,670,446	6,401,503	6,670,446	6,401,503

The annexed notes form an integral part of these financial statements.

Income Statement

For The Year Ended 31 December 2001

		Group and Bank	
		2001	2000
	Note	RM'000	RM'000
Interest income	18	140,141	134,635
Interest expense	19	(92,710)	(90,259)
Net interest income		47,431	44,376
Loan loss and provision	20	(6,412)	(8,996)
Provision for commitments and contingencies		(5,694)	-
		35,325	35,380
Non-interest income	21	45,363	45,437
Net income		80,688	80,817
Non-interest expense	22	(67,015)	(68,949)
		13,673	11,868
Provision for restructuring costs	23	(2,282)	(12,831)
Profit/(loss) before taxation		11,391	(963)
Taxation	27	(7,116)	(3,850)
Profit/(loss) after taxation		4,275	(4,813)
Earnings/(loss) per share (sen)	28	2	(4)

The annexed notes form an integral part of these financial statements.

Statement Of Changes In Equity

For The Year Ended 31 December 2001

	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable Retained earnings/ (Accumulated loss)	Total
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	RM'000	RM'000
Group and Bank						
At 1 January 2000	108,818	108,818	76,182	30,030	1,966	216,996
Loss for the year	-	-	-	-	(4,813)	(4,813)
At 31 December 2000	108,818	108,818	76,182	30,030	(2,847)	212,183
Issue of shares	94,182	94,182	-	-	-	94,182
Profit for the year	-	-	-	-	4,275	4,275
Transfer to reserves	-	-	-	2,138	(2,138)	-
At 31 December 2001	203,000	203,000	76,182	32,168	(710)	310,640

The annexed notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For The Year Ended 31 December 2001

	Note	Group and Bank 2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		11,391	(963)
Adjustments for:			
Depreciation of property, plant and equipment		3,449	4,608
Property, plant and equipment written off		9	218
Loss/(Gain) on disposal of property, plant and equipment		19	(186)
Provision for bad and doubtful debts		(6,412)	(8,996)
Provision for interest-in-suspense		79	8,653
Provision for commitments and contingencies		5,694	-
Gain on sale of investment securities		(1,422)	-
		1,416	4,297
Operating profit before working capital changes		12,807	3,334
(Increase)/decrease in dealing securities		(27,535)	52,454
Decrease in loans and advances		164,735	259,735
Increase in other assets		(30,251)	(5,098)
Decrease/(increase) in statutory deposits with Bank Negara Malaysia		10,451	(32,800)
Decrease in deposits from customers		(156,098)	(31,267)
(Increase)/decrease in deposits and placements of banks and other financial institutions		(190,070)	476,503
Increase in other liabilities		54,711	42,718
(Increase)/decrease in bills and acceptances payable		(19,579)	2,228
Cash (used in)/generated from operations		(180,829)	767,807
Income taxes paid		(6,607)	(4,108)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(187,436)	763,699
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(316)	(4,538)
Proceeds from disposal of property, plant and equipment		185	190
Decrease/(Increase) in investment securities		309,242	(239,318)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		309,111	(243,666)
CASH FLOW FROM FINANCING ACTIVITY			
Issues of shares		94,182	-
NET CASH GENERATED FROM FINANCING ACTIVITY		94,182	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		215,857	520,033
CASH AND CASH EQUIVALENTS AT 1 JANUARY		963,624	443,591
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24	1,179,481	963,624

The annexed notes form an integral part of these financial statements.

Notes To The Financial Statements

31 December 2001

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989 and applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).

2. GENERAL

The registered office is located at 11 Floor, Wisma Damansara, Jalan Semantan, Damansara Heights, 59490 Kuala Lumpur.

The principal place of business is located at Levels 25 - 27, MNI Twins, Tower 2, 11, Jalan Pinang, 50450 Kuala Lumpur.

The principal activities of the Bank are banking and related financial services.

The principal activities of the subsidiary companies are to act as nominee, trustees, custodian trustees and agents on behalf of the Bank.

The financial statements are expressed in Ringgit Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and all its subsidiaries for the year to 31 December 2001. The results of all subsidiary companies acquired or sold are included in the consolidated financial statements from the date of acquisition or to the date of sale.

(c) Recognition of Interest Income

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

Where an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. Customers' accounts are classified as non-performing where repayments are in arrears for more than three months for loans, overdrafts, and housing loans and after maturity date for trade bills, bankers' acceptances and trust receipts.

(d) Recognition of Fees and Other Income

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

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

Dividends from dealing securities are recognised when received. Dividends from investment securities are recognised when declared.

(e) Provision for Non-Performing Debts and Financing

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

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

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

(f) Dealing Securities

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

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

(g) Investment Securities

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

Malaysian Government securities, Cagamas bonds, other Government securities and Private debt securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date.

Bankers' acceptances are stated at face value less unearned discount. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

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

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

(h) Investments in Subsidiary Companies

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

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

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, with the exception of freehold land and buildings which are not depreciated. The non-depreciation of buildings on freehold land is a non-compliance of MASB Standard No.14 Depreciation Accounting, but the effect of this non-compliance is not material. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned.

The principal annual rates of depreciation used are as follows:

Motor vehicles	20%
Office equipment and machinery	20%
Furniture, fittings and office renovation	10% – 20%
Computer equipment and software	20% – 33 1/3%

(j) Bills and Acceptances Payable

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

(k) Forward Exchange Contracts

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

(l) Interest Rates Swap, Futures, Forward and Option Contracts

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

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rates futures, forward and option contracts that qualify as hedges are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expense.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current year using the mark-to-market method, and are included in net result from dealing securities.

(m) Currency Translations

Individual foreign currency assets and liabilities are reported in Ringgit Malaysia in the balance sheet at spot rates of exchange which closely approximate those ruling at the balance sheet date. Income statement items are recorded at rates prevailing on transaction dates. Exchange gains and losses are recognised in the income statement in the year they arise.

The major exchange rates used by the Bank and the Group are:

	Group and Bank	
	Year end rates	
	2001	2000
United States Dollar	3.8000	3.8000
Euro	3.3611	3.5344
Singapore Dollar	2.0548	2.1930

(n) Deferred Taxation

Provision is made by using the liability method for deferred taxation in respect of all material timing differences. However, where the timing differences give rise to deferred tax benefits, these benefits are not recognised.

(o) Cash and Cash Equivalents

Cash and cash equivalents as stated in the cash flow statement comprise cash and short-term funds, deposits and placements with financial institutions that are readily convertible into cash with insignificant risk of changes in value.

4. CASH AND SHORT-TERM FUNDS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Cash and balances with banks and other financial institutions	21,518	38,911
Money at call and deposit placements maturing within one month	498,911	445,508
	520,429	484,419

5. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Licensed banks	659,052	479,205

6. DEALING SECURITIES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Money market instruments:		
Danaharta bonds	-	8,536
Danamodal bonds	-	22,075
Malaysian Government securities	23,004	-
Prasarana bonds	50,862	-
	73,866	30,611
Quoted securities:		
<u>In Malaysia</u>		
Private debt securities	-	15,720
Total dealing securities	73,866	46,331
Market value of quoted securities:		
Danaharta bonds	-	8,536
Danamodal bonds	-	22,075
Malaysian Government securities	23,004	-
Prasarana bonds	51,267	-
Private debt securities	-	15,720

z7. INVESTMENT SECURITIES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Money market instruments:		
Malaysian Government treasury bills	-	95,000
Malaysian Government securities	125,000	145,000
Khazanah bonds	10,000	10,000
Danaharta bonds	135,000	80,000
Danamodal bonds	60,100	-
Bankers' acceptances	-	298,101
Private debt securities	30,000	30,000
	360,100	658,101
Quoted securities:		
<u>In Malaysia</u>		
Shares	622	10
Unquoted securities:		
<u>In Malaysia</u>		
Shares	1,699	1,699
Debentures	20	20
	1,719	1,719
	362,441	659,830
Amortisation of premium less accretion of discounts	(16,715)	(6,896)
Provision for diminution in value of investment securities	(612)	-
Total investment securities	345,114	652,934
Market value of quoted securities:		
Malaysian Government treasury bills	-	94,225
Malaysian Government securities	130,686	153,412
Khazanah bonds	9,279	8,588
Danaharta bonds	125,347	68,907
Danamodal bonds	56,927	-
Shares	12	10
Private debt securities	35,183	31,350
The maturity structure of money market instruments held for investment are as follows:		
Maturity within one year	85,000	413,101
One year to three years	260,100	180,000
Three years to five years	15,000	65,000
	360,100	658,101

8. LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2001	2000
	RM'000	RM'000
Overdrafts	59,399	76,419
Term loans	866,098	1,045,444
Bills receivable	88,348	26,790
Trust receipts	5,476	6,017
Claims on customers under acceptance credits	61,910	86,325
Staff loans (of which RM572,487 (2000 : RM591,781) to Directors)	14,784	19,127
Gross loans, advances and financing	1,096,015	1,260,122
Provision for bad and doubtful debts and financing		
- specific	(51,521)	(53,138)
- general	(17,200)	(17,200)
Interest-in-suspense	(17,444)	(21,532)
Total net loans, advances and financing	1,009,850	1,168,252
(i) The maturity structure of gross loans, advances and financing are as follows:		
Maturing within one year	817,982	940,892
One year to three years	25,203	102,472
Three years to five years	5,473	3,812
Over five years	247,357	212,946
	1,096,015	1,260,122
(ii) Loans, advances and financing analysed by their economic purposes are as follows:		
Agriculture	71,667	134,300
Mining and quarrying	6	28
Manufacturing	241,614	187,483
Electricity, gas and water	-	46,607
Construction	25,279	28,275
Real estate	58,889	72,243
Purchase of landed properties (Residential)	263,529	231,143
Transport, storage and communication	87,810	136,712
Finance, insurance and business services	69,984	88,262
Purchase of securities	8,611	10,615
Purchase of transport vehicles	2,045	2,877
Government of Malaysia	152,000	190,000
Wholesale and retail	100,710	119,431
Consumption credit	9,658	11,677
Others	4,213	469
	1,096,015	1,260,122

8. LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2001	2000
	RM'000	RM'000
(iii) Movements in the non-performing loans and financing including interest receivable are as follows:		
Balance as at 1 January	95,798	97,220
Non-performing during the year (gross)	81,848	34,774
Recoveries	(18,026)	(27,440)
Amount written off	(11,675)	(8,756)
Debt equity/bonds conversion	(42,333)	-
Balance as at 31 December	105,612	95,798
(as % of total loans less specific provision (SP) and interest-in-suspense (IIS))	3.57%	1.78%
(iv) Movement in the provision for bad and doubtful debts and financing and interest-in-suspense accounts are as follows:		
General provision:		
Balance as at 1 January and 31 December	17,200	17,200
(as % of total loans less loan to Government of Malaysia, SP & IIS)	1.97%	1.73%
Specific provision:		
Balance as at 1 January	53,138	50,620
Provision made during the year	16,372	20,058
Amount written back in respect of recoveries	(9,960)	(11,062)
Amount written off	(7,417)	(6,478)
Debt equity conversion	(612)	-
Balance as at 31 December	51,521	53,138
Interest-in-suspense:		
Balance as at 1 January	21,532	15,077
Provision made during the year	6,488	9,978
Amount written back in respect of recoveries	(6,409)	(1,325)
Amount written off	(4,167)	(2,198)
Balance as at 31 December	17,444	21,532

9. OTHER ASSETS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Other debtors, deposits and prepayments	60,467	30,216

10. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.

11. INVESTMENT IN SUBSIDIARY COMPANIES

	Group and Bank 2001 RM'000	2000 RM'000
Unquoted shares, at cost	20	20

The subsidiary companies of the Bank, both of which are incorporated in Malaysia, are as follows:

Name	Principal Activity	Percentage of equity held
ABN AMRO Nominees (Tempatan) Sdn. Bhd.	Nominee Company	100%
ABN AMRO Nominees (Asing) Sdn. Bhd.	Nominee Company	100%

All income and expenditure arising from the nominee activities of the subsidiary companies have been recognised in the Bank's results.

12. PROPERTY, PLANT AND EQUIPMENT

Group and Bank	Freehold land and buildings RM'000	Motor Vehicles RM'000	Office equipment and machinery RM'000	Furniture, fixtures and fittings RM'000	Computer equipment and software RM'000	Total RM'000
Net book value:						
As at 1 January 2001	388	707	929	6,221	6,076	14,321
Additions	-	-	93	7	216	316
Disposals/write-offs	-	(83)	(42)	(2,159)	(2,806)	(5,090)
Depreciation	-	(208)	(414)	(858)	(1,969)	(3,449)
As at 31 December 2001	388	416	566	3,211	1,517	6,098
Depreciation for the year ended 31 December 2000	-	241	448	1,195	2,724	4,608
As at 31 December 2001:						
Cost	388	949	2,285	6,078	9,138	18,838
Accumulated depreciation	-	(533)	(1,719)	(2,867)	(7,621)	(12,740)
Net book value	388	416	566	3,211	1,517	6,098
As at 31 December 2000:						
Cost	388	1,203	3,192	9,196	12,068	26,047
Accumulated depreciation	-	(496)	(2,263)	(2,975)	(5,992)	(11,726)
Net book value	388	707	929	6,221	6,076	14,321

13. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Type				
Demand deposits	472,850	464,909	472,870	464,929
Saving deposits	10,283	14,922	10,283	14,922
Fixed deposits	707,669	867,069	707,669	867,069
	1,190,802	1,346,900	1,190,822	1,346,920

(i) Maturity structure of fixed deposits are as follows:

	Group and Bank	
	2001 RM'000	2000 RM'000
Due within six months	550,675	630,376
Six months to one year	122,939	166,743
One year to three years	34,055	48,250
Three to five years	-	21,700
	707,669	867,069

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

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Business enterprises	1,018,012	1,093,589	1,018,032	1,093,609
Individuals	165,546	211,275	165,546	211,275
Others	7,244	42,036	7,244	42,036
	1,190,802	1,346,900	1,190,822	1,346,920

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2001 RM'000	2000 RM'000
Deposits from licensed banks	848,537	956,607
Negotiable instruments of deposits issued to financial institutions	185,000	267,000
	1,033,537	1,223,607

15. OTHER LIABILITIES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Taxation	9,283	8,774
Retirement benefits	22	22
Other liabilities	185,790	135,956
Provision for commitments and contingencies	5,694	-
	200,789	144,752

16. SHARE CAPITAL

	Group and Bank	
	2001	2000
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000	500,000
Issued and fully paid:		
Balance as at 1 January	108,818	108,818
Issued during the year	94,182	-
Balance as at 31 December	203,000	108,818

17. RESERVES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Share premium (see below)	76,182	76,182
Statutory reserves (see below)	32,168	30,030
Accumulated loss	(710)	(2,847)
	107,640	103,365
(a) Share premium		
Balance as at 1 January and 31 December	76,182	76,182
(b) Statutory reserves		
Balance as at 1 January	30,030	30,030
Transfer from distributable earnings	2,138	-
Balance as at 31 December	32,168	30,030

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

18. INTEREST INCOME

	Group and Bank	
	2001	2000
	RM'000	RM'000
Loans and advances	62,168	83,439
Money at call and deposit placements with financial institutions	55,456	29,125
Investment securities	21,196	29,326
Dealing securities	1,400	1,398
	140,220	143,288
Interest suspended net of recoveries	(79)	(8,653)
	140,141	134,635

19. INTEREST EXPENSE

	Group and Bank	
	2001	2000
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	48,956	44,782
Deposits from other customers	37,173	42,010
Others	6,581	3,467
	92,710	90,259

20. LOAN LOSS AND PROVISION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Provision for bad and doubtful debts		
- specific provision (net)	6,412	8,996
- general provision	-	-
	6,412	8,996

21. NON-INTEREST INCOME

	Group and Bank	
	2001	2000
	RM'000	RM'000
Fee income:		
Commission	3,033	4,837
Service charges and fees	2,822	2,633
Guarantee fees	3,144	3,907
Other fee income	1,754	2,081
	10,753	13,458
Investment income:		
Net profit from dealing securities	10,703	15,318
Gain from sale of investment securities	1,422	-
Gross dividend from unquoted investments securities	88	52
	12,213	15,370
Other income:		
Foreign exchange profit	22,397	16,423
Gain on disposal of property, plant and equipment	-	186
	22,397	16,609
Total	45,363	45,437

22. NON-INTEREST EXPENSE

	Group and Bank	
	2001	2000
	RM'000	RM'000
Personnel costs	21,489	27,279
Establishment costs	22,831	15,382
Marketing expenses	816	2,153
Administration and general expenses	21,879	24,135
	67,015	68,949
Included in the above expenditure are the following:		
Directors' remuneration and benefits-in-kind (Note 26)	1,357	1,796
Rental of premises	2,583	3,588
Rental of equipment	420	746
Auditors' remuneration - statutory audit	80	80
Depreciation of property, plant and equipment	3,449	4,608
Loss on disposal of property, plant and equipment	19	-
Property, plant and equipment written off	9	218

The number of employees of the Group and of the Bank at the end of the year were 177 (2000 : 231) and 177 (2000 : 231) respectively.

23. PROVISION FOR RESTRUCTURING COSTS

The exceptional item is pertaining to the additional restructuring costs incurred by the Bank to be in line with the new structure identified for the Malaysian operations which is a focused wholesale bank.

24. CASH AND CASH EQUIVALENTS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Cash and cash equivalents comprise the following:		
Cash and short-term funds	520,429	484,419
Deposits and placements with financial institutions	659,052	479,205
	1,179,481	963,624

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

2001	Immediate holding company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
Interest income	49,251	-	86
Expense			
Interest expense	9,864	-	57
Management fee	20,537	-	-
Commission	1,029	-	-
Cost sharing automation	5,997	-	-
Other automation costs	1,815	-	-
Amount due from:			
Deposits and current accounts	837,976	-	-
Interest receivable	16,043	-	-
Amount due to:			
Deposits and current accounts	194,109	20	885
Interest payable	93	-	-
Foreign exchange related contracts			
- purchased and receivable	186,419	-	-
- sold and payable	190,163	-	-

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

2000	Immediate holding company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
Interest income	22,316	-	77
Expense			
Interest expense	24,246	-	13
Management fee	13,295	-	-
Commission	854	-	-
Cost sharing automation	7,504	-	-
Other automation costs	15	-	-
Training costs	152	-	-
Amount due from:			
Deposits and current accounts	817,920	-	16,662
Interest receivable	6,463	-	-
Amount due to:			
Deposits and current accounts	203,677	20	29,758
Interest payable	5,372	-	-
Foreign exchange related contracts			
- purchased and receivable	511,051	-	-
- sold and payable	512,466	-	-

26. DIRECTORS' REMUNERATION (Note 22)

Forms of remuneration in aggregate for all Directors charged to the income statement for the year are as follows:

	Group and Bank	
	2001 RM'000	2000 RM'000
Executive directors		
- Salary and other remuneration	1,129	985
- Bonuses	-	493
- Benefits-in-kind	194	271
Non-executive directors		
- Fees	34	47
	1,357	1,796

The remuneration attributable to the Managing Director of the Bank, including benefits-in-kind during the year amounted to RM659,000 (2000 : RM1,271,000).

27. TAXATION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Malaysian income tax based on results for the year:		
Current year	7,116	3,850

The effective tax rates of the Bank and of the Group are higher than the statutory rate due to certain expenses being disallowed for tax purposes.

Deferred tax benefits of approximately RM3,940,000 as at 31 December 2001, subject to agreement by the Inland Revenue Board, not dealt with in the financial statements are as follows:

	Group and Bank	
	2001	
	RM'000	
Timing differences between depreciation and corresponding capital allowances on property, plant and equipment	2,937	
Other short term timing differences	(17,010)	
	(14,073)	

28. EARNINGS/(LOSS) PER SHARE

The Bank has increased its paid-up share capital from RM108,818,002 comprising 108,818,002 ordinary shares of RM1.00 each to RM203,000,002 comprising 203,000,002 ordinary shares of RM1.00 each following the issue of 84,969,000 ordinary shares of RM1.00 each on 29 March 2001 and issue of 9,213,000 ordinary shares of RM1.00 each on 13 December 2001. The earnings/(loss) per share has been calculated based on the net profit after taxation of RM4,275,000 (2000 : loss after taxation of RM4,813,000) on the weighted average number of ordinary shares of RM1 each in issue of 174,013,698 (2000 : RM108,818,002) shares during the year.

29. CAPITAL COMMITMENTS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Capital expenditure:		
Authorised and not contracted for	-	4,600

30. LEASE COMMITMENTS

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

	Group and Bank	
Year	2001	2000
	RM'000	RM'000
2001	-	2,872
2002	1,336	2,515
2003	936	1,811
2004	-	-

31. COMMITMENTS AND CONTINGENCIES

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

Risk Weighted Exposures of the Bank as at 31 December:

	GROUP AND BANK			
	2001		2000	
	Principal amount RM'000	Credit equivalent amount * RM'000	Principal amount RM'000	Credit equivalent amount * RM'000
Direct credit substitutes	200,128	200,128	118,285	118,285
Transaction-related contingent items	511,256	255,628	622,404	311,202
Short-term self-liquidating trade-related contingencies	38,726	7,745	70,786	14,157
Other assets sold with recourse and commitments with certain drawdown	5,409	5,409	9,173	9,173
Irrevocable commitments to extend credit:				
- maturity less than one year	482,407	-	376,326	-
- maturity more than one year	33,837	16,919	30,570	15,285
Foreign exchange related contracts:				
- Forward and futures contracts - less than one year	5,368,683	74,258	5,173,959	96,420
Interest rate related contracts:				
- Forward and futures contracts - less than one year	30,000	71	-	-
	6,670,446	560,158	6,401,503	564,522

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

Foreign exchange contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2001, the amount of contracts which were not hedged and, hence, exposed to market risk was RM1.1 million (2000 : RM49.7 million).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As 31 December 2001, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM7.4 million (2000: RM20.5 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

32. CAPITAL ADEQUACY

The components of Tier I and Tier II capital are as follows:

	Bank	
	2001 RM'000	2000 RM'000
Tier-I Capital		
Paid-up share capital	203,000	108,818
Share premium	76,182	76,182
Other reserves	32,168	30,030
Accumulated loss	(710)	(2,847)
Total Tier-I Capital	310,640	212,183
Tier-II Capital		
General provision for bad and doubtful debts	17,200	17,200
Total Tier-II Capital	17,200	17,200
Total capital base	327,840	229,383
Less: Investment in subsidiaries	(20)	(20)
Capital base	327,820	229,363
Capital Ratios		
Core capital ratio	24.98%	14.67%
Risk-weighted capital ratio	26.36%	15.86%

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

	2001 RM'000	2000 RM'000
0%	-	-
20%	283,002	352,431
50%	398,758	434,827
100%	561,922	658,845
Total	1,243,682	1,446,103

33. COMPARATIVE FIGURES

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

ABN AMRO Holdings N.V.

2001 Annual Results

	2001 € million	2000 € million
Operating result	5,063	5,267
Pre-tax profit	3,613	4,725
Net profit	2,363	2,498
Net profit, excluding restructuring charge	3,230	3,097
Earnings per share	€ 1.53	€ 2.04
Dividend per ordinary share	€ 0.90	€ 0.90
	31 Dec 2001 € billion	31 Dec 2000 € billion
Total assets	597.4	543.2
Group capital	34.0	32.5
Total risk-weighted assets	273.4	263.9
BIS ratio	10.91%	10.39%
Tier 1 ratio	7.03%	7.20%