

## Directors' Report for the year ended 31 December 2000

The Directors submit herewith their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2000.

### Change of Name

The Bank has changed its name to Affin Bank Berhad on 25 April 2000.

### Principal Activities

The principal activities of the Bank during the financial year are banking and related financial services which also include Islamic Banking services. The principal activities of the subsidiary companies are set out in note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

### Financial Results

	The Group RM'000	The Bank RM'000
Loss before taxation and zakat	(102,808)	(99,991)
Taxation	(2,319)	(2,124)
	<hr/>	<hr/>
Loss after taxation and zakat	(105,127)	(102,115)
Retained profits brought forward	367,803	363,102
	<hr/>	<hr/>
Retained profits carried forward	262,676	260,987

### Dividends

Dividends paid since the end of the Bank's previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 1999 as recommended in the Directors' Report for that year, the first and final dividend of 5% less income tax at 28% paid on 29 April 2000	23,400

The Directors do not recommend any dividend for the current financial year.

### Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

### Bad and Doubtful Debts and Financing

Before the financial statements of the Group and of the Bank 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 bad and doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate provisions had been made for doubtful 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 doubtful debts and financing, in the financial statements of the Group and of the Bank inadequate to any substantial extent.

### Current Assets

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank, 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 financial statements of the Group and of the Bank misleading.

## Directors' Report for the year ended 31 December 2000 (continued)

### 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 Group's and the Bank's financial statements 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 Group or the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business or activities of the Group.

No contingent or other liability of the Group or the Bank 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 substantially affect the ability of the Group or the Bank 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 Group and the Bank that would render any amount stated in the financial statements misleading.

### Items of An Unusual Nature

The results of the operations of the Group and the Bank during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 likely, to affect substantially the results of the operations of the Group or the Bank for the current financial year in which this report is made.

### Directors of The Bank

The names of the Directors of the Bank in office since the date of the last report are as follows:

YBhg. Jen (B) Tan Sri Dato' Zain Hashim (Chairman)  
YM Raja Dato' Aman Ahmad (President/Chief Executive Officer)  
YBhg. Dato' Haji Lodin Wok Kamaruddin  
YBhg. Tan Sri Dato' Haji Yahya Abdul Wahab  
YBhg. Lt. Jen (B) Dato' Mohd Yusof Din  
YBhg. Dato' Abdul Malik Mohd Salleh  
YM Dr. Raja Abdul Malek Raja Jallaludin  
YBhg. Dato' Megat Abdul Rahman Megat Ahmad

### Directors' Interests

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in shares, warrants and options of related corporations were as follows:

	As at 1.1.2000	Ordinary Shares of RM1 Each			As at 31.12.2000
		Bought	Conversion (to)/from	Sold	
<b>Affin Holdings Berhad</b>					
YM Raja Dato' Aman Ahmad	37,000	18,500	-	-	55,500
YBhg. Dato' Haji Lodin Wok Kamaruddin	-	-	5,714+	-	5,714
	-	3,000	-	-	3,000
<b>ACF Holdings Berhad</b>					
YBhg. Dato' Haji Lodin Wok Kamaruddin	10,000	-	(10,000)+	-	-

+ Conversion of ACF Holdings Berhad shares into Affin Holdings Berhad shares arising from the mandatory general offer for the remaining ACF Holdings Berhad shares not held by Affin Holdings Berhad.

## Directors' Report for the year ended 31 December 2000 (continued)

	Ordinary Shares of RM10 each; RM5 Uncalled			
	As at 1.1.2000	Bought	Sold	As at 31.12.2000
<b>PAB Trustee Berhad*</b>				
YM Raja Dato' Aman Ahmad	20,000	-	-	20,000
YBhg. Dato' Abdul Malik Mohd Salleh	20,000	-	-	20,000
YBhg. Tan Sri Dato' Haji Yahya Abdul Wahab	20,000	-	-	20,000
YM Dr. Raja Abdul Malek Raja Jallaludin	20,000	-	-	20,000

\* Shares held in trust for the Bank

	Number of Warrants				
	As at 1.1.2000	Adjusted	Bought	Sold	As at 31.12.2000
<b>Affin Holdings Berhad</b>					
YM Raja Dato' Aman Ahmad	3,000	378**	-	-	3,378
YBhg. Dato' Lodin Wok Kamaruddin	-	-	9,250***	-	9,250
	-	-	1,500	-	1,500

\*\* Pursuant to the adjustment to the number of Warrants, Warrantheolders of Warrants 1995/2005 and Warrants 1997/2007 will be entitled to 126 new warrants for each 1,000 warrants held.

\*\*\* On the basis of one new warrant (1995/2005) for every four Affin Holdings Berhad shares held.

	Options over Ordinary Shares of RM1 each				
	As at 1.1.2000	Granted	Exercised	Expired	As at 31.12.2000
<b>Affin Holdings Berhad</b>					
YM Raja Dato' Aman Ahmad	9,500,000	-	-	-	9,500,000 (a)
	198,000	-	-	198,000	- (b)

(a) At the option price of RM2.50 per share, expiring on 22 November 2003. This is a five-year option granted by Lembaga Tabung Angkatan Tentera ("LTAT") to acquire 10,000,000 Affin Holdings Berhad's shares from LTAT.

(b) This option was granted by the holding company, Affin Holdings Berhad, under its Employees Share Option Scheme. The option expired on 9 March 2000.

	Options over Ordinary Shares of 50 sen each			
	As at 1.1.2000	Granted	Exercised	As at 31.12.2000
<b>Boustead Holdings Berhad</b>				
YBhg. Dato' Haji Lodin Wok Kamaruddin	500,000	-	-	500,000#
	9,500,000	-	-	9,500,000##

# This option was granted by Boustead Holdings Berhad under its Employees Share Option Scheme at the option prices ranging from RM5.19 to RM5.55 per share, expiring on 13 June 2001.

## This is a five-year option granted by LTAT to acquire 9,500,000 Boustead Holdings Berhad shares from LTAT at RM3.50 per share. This option will expire on 22 November 2003.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the notes to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except that certain Directors received remuneration as directors/executives of related corporations.

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

## Directors' Report for the year ended 31 December 2000 (continued)

### Business Plan and Outlook

The coming year heralds the beginning of a new era for the financial services and banking industry, one where competition will be intense with fewer but bigger players. The right strategy will be key, plus excellence in the delivery of services to customers. Although the promise of sustained national economic growth and recovery is now dogged by uncertainties in the external world economy, the Bank believes there will be opportunities to increase market share in niche sectors through the proper blend of innovativeness and technology. Increasingly the Bank will focus on the retail and commercial segments and on niche communities in the e-banking world.

### Rating by External Agencies

During the year, the Bank was rated by the following external rating agency:

Name of rating agency	: RATING AGENCY MALAYSIA BERHAD (RAM)
Date of rating	: JULY 2000
Rating classifications	
- Long term	: A3 (Reaffirmed)
- Short term	: P1 (Reaffirmed)

### Holding Company and Ultimate Holding Corporation

The Directors regard Affin Holdings Berhad, a Company incorporated in Malaysia as the holding company and Lembaga Tabung Angkatan Tentera, a statutory body established under the Tabung Angkatan Tentera Act, 1973 as the ultimate holding corporation.

### Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated April 5, 2001.



**Jen (B) Tan Sri Dato' Zain Hashim**  
Chairman



**Raja Dato' Aman Ahmad**  
President/Chief Executive Officer