

**11. SHORT TERM FUNDS**

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Balances with banks				
and other financial institutions	36,442	493,072	36,442	493,072
Money at call and short notice*	4,514,857	4,092,420	4,514,751	4,092,308
Treasury bills				
– unlisted, held-to-maturity	0	145,040	0	145,040
	<u>4,551,299</u>	<u>4,730,532</u>	<u>4,551,193</u>	<u>4,730,420</u>

\* Money at call and short notice represents deposits of up to a maximum of 1-month in maturity.

The maturity profile analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Repayable on demand	36,548	493,182	36,442	493,070
Within 1 month	4,514,751	4,092,310	4,514,751	4,092,310
1 year or less but over 3 months	0	145,040	0	145,040
	<u>4,551,299</u>	<u>4,730,532</u>	<u>4,551,193</u>	<u>4,730,420</u>

**12. PLACEMENTS WITH BANKS MATURING BETWEEN ONE AND TWELVE MONTHS**

The maturity profile analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
3 months or less but				
over 1 month	953,304	166,565	953,304	166,565
1 year or less but over 3 months	77,992	96,740	77,992	96,740
	<u>1,031,296</u>	<u>263,305</u>	<u>1,031,296</u>	<u>263,305</u>

**13. TRADE BILLS LESS RESERVES AND CERTIFICATES OF DEPOSIT**

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade bills	8,233	11,167	8,233	11,167
Less: General reserves	(42)	(76)	(42)	(76)
	<u>8,191</u>	<u>11,091</u>	<u>8,191</u>	<u>11,091</u>
Certificates of deposit				
– unlisted, held-to-maturity	728,436	463,467	728,436	463,467
	<u>736,627</u>	<u>474,558</u>	<u>736,627</u>	<u>474,558</u>

The maturity profile analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Repayable on demand	1,259	9,193	1,259	9,193
3 months or less but not repayable on demand	54,864	87,041	54,864	87,041
1 year or less but over 3 months	360,728	231,587	360,728	231,587
5 years or less but over 1 year	319,663	146,813	319,663	146,813
Undated	155	0	155	0
	<u>736,669</u>	<u>474,634</u>	<u>736,669</u>	<u>474,634</u>

Movements in reserves for doubtful debts – General:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1 January	76	133	76	133
Released during the year (Note 6)	(34)	(57)	(34)	(57)
At 31 December	<u>42</u>	<u>76</u>	<u>42</u>	<u>76</u>

**14. ADVANCES TO CUSTOMERS LESS RESERVES**

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Advances to customers	17,913,751	14,028,344	16,048,226	12,907,558
Reserves for doubtful debts				
– General	(104,174)	(93,673)	(104,174)	(93,673)
– Specific	(383,196)	(420,548)	(373,365)	(413,063)
	<u>17,426,381</u>	<u>13,514,123</u>	<u>15,570,687</u>	<u>12,400,822</u>

The maturity profile analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Repayable on demand	1,463,879	820,539	1,454,940	805,677
3 months or less but not repayable on demand	1,441,312	967,727	1,229,458	800,819
1 year or less but over 3 months	1,602,852	1,384,564	1,056,597	1,011,617
5 years or less but over 1 year	4,854,859	2,144,349	4,067,425	1,787,046
Over 5 years	7,329,047	7,590,806	7,063,307	7,422,026
Undated	1,221,802	1,120,359	1,176,499	1,080,373
	<u>17,913,751</u>	<u>14,028,344</u>	<u>16,048,226</u>	<u>12,907,558</u>

Movements in reserves for doubtful debts – General:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1 January	93,673	156,727	93,673	156,727
Charge/(Released) for the year (Note 6)	10,501	(63,054)	10,501	(63,054)
At 31 December	<u>104,174</u>	<u>93,673</u>	<u>104,174</u>	<u>93,673</u>

**14. ADVANCES TO CUSTOMERS LESS RESERVES** (continued)

Movements in reserves for doubtful debts – Specific:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1 January	420,548	231,447	413,063	231,447
Charge for the year (Note 6)	183,747	436,944	175,049	412,114
Written off during the year	(221,099)	(247,843)	(214,747)	(230,498)
At 31 December	<u>383,196</u>	<u>420,548</u>	<u>373,365</u>	<u>413,063</u>

The specific provisions were made after taking into account the value of collateral in respect of such doubtful debts totaling HK\$664,622,014 (1999: HK\$408,814,940).

Movements in interest suspended:

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1 January	56,743	24,226	56,743	24,226
Interest suspended during the year	<u>31,379</u>	<u>32,517</u>	<u>31,379</u>	<u>32,517</u>
At 31 December	<u>88,122</u>	<u>56,743</u>	<u>88,122</u>	<u>56,743</u>

**14. ADVANCES TO CUSTOMERS LESS RESERVES** *(continued)*

Total advances on which interest is being placed in suspense:

The aggregate amount of advances (“gross advances”) on which interest is being placed in suspense or on which interest accrual has ceased, together with the aggregate amount of specific reserves made and amount of collateral held in respect of such advances are as follows:

	As at		The Group		As at	
	31 December 2000		30 June 2000		31 December 1999	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Gross advances						
– Rescheduled	30,833	0.17	143,896	0.87	338,409	2.41
– Others	1,139,866	6.37	1,307,463	7.91	750,177	5.35
	<u>1,170,699</u>	<u>6.54</u>	<u>1,451,359</u>	<u>8.78</u>	<u>1,088,586</u>	<u>7.76</u>
Amount of specific reserves made against gross advances	361,325		453,840		294,830	
Amount of collateral held in respect of gross advances**	494,698		447,200		455,174	
	<u>856,023</u>		<u>901,040</u>		<u>750,004</u>	
Amount of interest suspended	<u>88,122</u>		<u>104,973</u>		<u>56,743</u>	

\* As a percentage of gross advances to customers.

\*\* Including expected recovery of HK\$27.21 million (1999: HK\$35.67 million) from companies in liquidation.

## 15. INVESTMENTS

	The Group		The Bank	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
<b>Investment in debt securities</b>				
<i>Held-to-maturity debt securities at amortised cost less provisions</i>				
Listed in Hong Kong				
– maturing within 1 year	350,041	650,375	350,041	650,375
– maturing between 1 to 5 years	1,053,405	402,759	1,053,405	402,759
Unlisted				
– maturing within 1 year	10,024	651,790	10,024	651,790
– maturing between 1 to 5 years	891,755	440,955	891,755	440,955
– maturing over 5 years	204,642	0	204,642	0
Sub-total	<u>2,509,867</u>	<u>2,145,879</u>	<u>2,509,867</u>	<u>2,145,879</u>
<b>Other securities</b>				
<i>Non trading securities at fair value</i>				
Listed in Hong Kong				
– equity	30,093	0	30,093	0
Unlisted				
– debt	32,833	32,686	32,833	32,686
– equity	13,536	7,000	13,536	5,000
Sub-total	<u>76,462</u>	<u>39,686</u>	<u>76,462</u>	<u>37,686</u>
Total	<u><u>2,586,329</u></u>	<u><u>2,185,565</u></u>	<u><u>2,586,329</u></u>	<u><u>2,183,565</u></u>
<b>Market Value</b>				
Listed in Hong Kong				
– equity securities	<u>30,093</u>	<u>0</u>	<u>30,093</u>	<u>0</u>
– held-to-maturity debt securities	<u><u>1,419,625</u></u>	<u><u>1,063,019</u></u>	<u><u>1,419,625</u></u>	<u><u>1,063,019</u></u>

**15. INVESTMENTS** *(continued)*

The investments are issued by:

	The Group		The Bank	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
HKSAR Exchange Fund	<b>1,403,445</b>	1,003,335	<b>1,403,445</b>	1,003,335
Public sector entities	<b>170,221</b>	49,798	<b>170,221</b>	49,798
Banks and other financial institutions	<b>406,732</b>	219,016	<b>406,732</b>	219,016
Corporate entities	<b>605,931</b>	913,416	<b>605,931</b>	911,416
Total	<b><u>2,586,329</u></b>	<u>2,185,565</u>	<b><u>2,586,329</u></b>	<u>2,183,565</u>

Interest income earned from listed/unlisted securities during the year amounted to HK\$175,964,000 (1999: HK\$146,224,000).

The maturity profile of debt securities analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

	The Group		The Bank	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
3 months or less but not repayable on demand	<b>275,084</b>	325,179	<b>275,084</b>	325,179
1 year or less but over 3 months	<b>84,981</b>	976,987	<b>84,981</b>	976,987
5 years or less but over 1 year	<b>1,945,160</b>	843,713	<b>1,945,160</b>	843,713
Over 5 years	<b>204,642</b>	32,686	<b>204,642</b>	32,686
Undated	<b>32,833</b>	0	<b>32,833</b>	0
	<b><u>2,542,700</u></b>	<u>2,178,565</u>	<b><u>2,542,700</u></b>	<u>2,178,565</u>

During the year, held-to-maturity securities with an amortised cost of HK\$380,216,563 (1999: Nil) were disposed of at a profit of HK\$5,513,437 (1999: Nil) being recognised in the profit and loss account. Management, approved by the Asset and Liability Committee, sold these held-to-maturity securities to modify the maturity and risk profile of the investment portfolios.

**16. INVESTMENT IN ASSOCIATED COMPANY**

	<b>The Group and the Bank</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<i>HK\$'000</i>
Unlisted shares, at cost	<b>5,761</b>	5,761
Advances	<b>12,879</b>	16,856
Less: provision for diminution in value	<b>(5,761)</b>	(5,761)
	<b>12,879</b>	16,856

The Bank owns 40% (1999: 40%) of the issued share capital of IBA Finance Corporation, which is incorporated in the Philippines. The principal activity of the associated company is the provision of financing and leasing services in the Philippines. The Bank has not equity accounted for the investment in the associated company in view of the immaterial amount involved.

**17. INVESTMENTS IN SUBSIDIARIES**

	<b>The Bank</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<i>HK\$'000</i>
Unlisted shares, at cost		
At 1 January	<b>87,146</b>	130,811
Disposal of a subsidiary	<b>0</b>	(43,665)
At 31 December	<b>87,146</b>	87,146

**17. INVESTMENT IN SUBSIDIARIES** *(continued)*

All principal subsidiaries are directly owned by the Bank. Details of principal subsidiaries, all of which are private companies (except for International Bank of Asia (Trustee) Limited, which is a public company) at 31 December 2000 are as follows:

	<b>Issued and fully paid-up ordinary share capital</b>	<b>% of issued share capital held</b>	<b>Principal activities</b>
<b>Incorporated and operating in Hong Kong</b>			
IBA Credit Limited	HK\$65,000,000	100%	Deposit-taking and finance
International Bank of Asia (Trustee) Limited	HK\$3,000,000	100%	Trustee services
IBA Securities Limited	HK\$8,000,000	100%	Securities broking
IBA Fund Management Limited	HK\$8,000,000	100%	Fund management
Mars (Nominees) Limited	HK\$200	100%	Nominees services
<b>Incorporated and operating in Vanuatu</b>			
IBA Bank Limited	US\$10,000	100%	Finance

**18. PREMISES AND EQUIPMENT****THE GROUP**

	<b>Premises</b>	<b>Equipment</b>	<b>Other</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cost or valuation</b>				
At 1 January 2000	1,074,912	224,164	2,845	1,301,921
Additions	0	21,343	0	21,343
Disposals	(6,000)	(5,582)	0	(11,582)
	<u>1,068,912</u>	<u>239,925</u>	<u>2,845</u>	<u>1,311,682</u>
At 31 December 2000	1,068,912	239,925	2,845	1,311,682
<b>Accumulated depreciation</b>				
At 1 January 2000	44,094	97,383	2,845	144,322
Charge for the year	11,251	30,590	0	41,841
Released on disposal	(155)	(5,184)	0	(5,339)
	<u>55,190</u>	<u>122,789</u>	<u>2,845</u>	<u>180,824</u>
At 31 December 2000	55,190	122,789	2,845	180,824
<b>Net book value</b>				
At 31 December 2000	<u>1,013,722</u>	<u>117,136</u>	<u>0</u>	<u>1,130,858</u>
At 31 December 1999	<u>1,030,818</u>	<u>126,781</u>	<u>0</u>	<u>1,157,599</u>

**18. PREMISES AND EQUIPMENT** (continued)**THE BANK**

	<b>Premises</b> <i>HK\$'000</i>	<b>Equipment</b> <i>HK\$'000</i>	<b>Other</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost or valuation</b>				
At 1 January 2000	1,038,163	223,246	2,845	1,264,254
Additions	0	21,189	0	21,189
Disposals	(6,000)	(5,582)	0	(11,582)
	<u>1,032,163</u>	<u>238,853</u>	<u>2,845</u>	<u>1,273,861</u>
At 31 December 2000				
<b>Accumulated depreciation</b>				
At 1 January 2000	42,644	96,661	2,845	142,150
Charge for the year	10,926	30,513	0	41,439
Released on disposal	(155)	(5,184)	0	(5,339)
	<u>53,415</u>	<u>121,990</u>	<u>2,845</u>	<u>178,250</u>
At 31 December 2000				
<b>Net book value</b>				
At 31 December 2000	<u>978,748</u>	<u>116,863</u>	<u>0</u>	<u>1,095,611</u>
At 31 December 1999	<u>995,519</u>	<u>126,585</u>	<u>0</u>	<u>1,122,104</u>

The net book value of premises comprises:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2000</b> <b>Hk\$'000</b>	1999 Hk\$'000	<b>2000</b> <b>Hk\$'000</b>	1999 Hk\$'000
Premises held in Hong Kong				
– Long term leases (over 50 years)	<b>806,632</b>	818,809	<b>771,658</b>	783,510
– Medium term leases (10-50 years)	<b>207,090</b>	212,009	<b>207,090</b>	212,009
	<u><b>1,013,722</b></u>	<u>1,030,818</u>	<u><b>978,748</b></u>	<u>995,519</u>

Certain of these premises of the Bank have been included in the accounts at their November 1989 valuation of HK\$77,100,000 (1999: HK\$83,100,000). In preparing these accounts, advantage has been taken of the transitional provisions in paragraph 72 of Statement of Standard Accounting Practice 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants with the effect that premises have not been revalued to fair value at the balance sheet date. It is not the Directors' present intention to revalue the premises in the future.