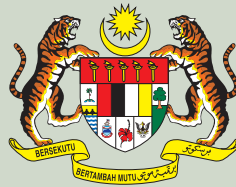




## Annual Financial Statements

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**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF BANK NEGARA MALAYSIA  
FOR THE YEAR ENDED 31 DECEMBER 2008**

I have audited the financial statements of Bank Negara Malaysia for the year ended 31 December 2008. These financial statements are the responsibility of the management. My responsibility is to express an opinion on these financial statements based on my audit.

2. The audit has been conducted in accordance with the Audit Act 1957 and in conformity with approved auditing standards. Those standards require the audit be planned and performed to obtain reasonable assurance whether the financial statements are free of material misstatement. This audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Evaluation is also made on the accounting principles used and the overall financial statements presentation.

3. In my opinion, the financial statements give a true and fair view of the financial position of Bank Negara Malaysia as at 31 December 2008 and of the results of its operations for the year then ended in accordance with approved accounting standards.



**(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)**  
AUDITOR GENERAL  
MALAYSIA


PUTRAJAYA  
10 MARCH 2009

## STATEMENT BY CHAIRMAN AND ONE OF THE DIRECTORS

We, Zeti Akhtar Aziz and Oh Siew Nam, being the Chairman and one of the Directors of Bank Negara Malaysia, do hereby state that in the opinion of the Board, the financial statements are drawn up so as to give a true and fair view of the state of affairs of Bank Negara Malaysia as at 31 December 2008 and of the results of operations for the year ended on that date.

On behalf of the Board,

On behalf of the Board,



**ZETI AKHTAR AZIZ**  
CHAIRMAN

6 MARCH 2009  
KUALA LUMPUR



**OH SIEW NAM**  
DIRECTOR

6 MARCH 2009  
KUALA LUMPUR

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE  
FOR THE FINANCIAL MANAGEMENT OF BANK NEGARA MALAYSIA**

I, Abdul Aziz Abdul Manaf being the officer primarily responsible for the financial management of Bank Negara Malaysia, do solemnly and sincerely declare that the financial statements, 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 at Kuala Lumpur )  
this 6 March 2009.



Before me,

**LEE HISHAMUDDIN ALLEN & GLEDHILL**  
**Level 16, Menara TM Asia Life**  
**189, Jalan Tun Razak**  
**50400 Kuala Lumpur**  
**Tel : 603-2161 2330**  
**Fax : 603-2161 3933**

## Bank Negara Malaysia

### Balance Sheet as at 31 December 2008

		2008 RM	2007 RM
<b>ASSETS</b>			
Gold and Foreign Exchange	3	315,554,271,994	334,338,606,394
International Monetary Fund Reserve Position		1,127,065,750	617,472,897
Holdings of Special Drawing Rights		786,401,257	760,950,672
Malaysian Government Papers	4	2,525,239,300	2,468,203,632
Deposits with Financial Institutions	5	4,507,787,500	62,470,044,391
Loans and Advances	6	12,516,545,727	12,288,159,901
Other Assets	7	7,505,008,921	11,937,972,319
<b>Total Assets</b>		<b>344,522,320,449</b>	<b>424,881,410,206</b>
<b>LIABILITIES AND CAPITAL</b>			
Currency in Circulation		48,042,855,068	42,192,729,256
Deposits by: Financial Institutions		184,136,298,017	231,591,665,147
Federal Government		11,155,942,757	14,274,462,010
Others	8	373,848,344	2,819,726,945
Bank Negara Papers		43,710,213,247	69,009,960,464
Allocation of Special Drawing Rights	9	742,639,517	726,822,946
Other Liabilities	10	24,604,565,308	34,518,924,334
<b>Total Liabilities</b>		<b>312,766,362,258</b>	<b>395,134,291,102</b>
Authorised Capital	RM200,000,000		
Paid-up Capital	11	100,000,000	100,000,000
General Reserve Fund	12	11,976,653,686	10,799,678,929
Other Reserves	13	19,679,304,505	18,847,440,175
<b>Total Capital</b>		<b>31,755,958,191</b>	<b>29,747,119,104</b>
<b>Total Liabilities and Capital</b>		<b>344,522,320,449</b>	<b>424,881,410,206</b>

Notes on the following pages form part of these financial statements.

## Bank Negara Malaysia

### Income Statement for the Year Ended 31 December 2008

	Note	2008 RM	2007 RM
<b>Total Income</b>	14	<b>8,158,398,385</b>	<b>8,489,814,550</b>
Less:			
Recurring Expenditure	15	939,599,724	834,185,691
Development Expenditure	16	709,518,486	994,993,036
<b>Total Expenditure</b>		<b>1,649,118,210</b>	<b>1,829,178,727</b>
<b>Net Profit</b>		<b>6,509,280,175</b>	<b>6,660,635,823</b>

### Profit and Loss Appropriation Statement for the Year Ended 31 December 2008

		2008 RM	2007 RM
<b>Net Profit</b>		<b>6,509,280,175</b>	<b>6,660,635,823</b>
Transfer to Other Reserves	17	3,832,305,418	3,723,507,115
Transfer to General Reserve Fund		1,176,974,757	1,437,128,708
Amount Payable to Federal Government		1,500,000,000	1,500,000,000
		<b>6,509,280,175</b>	<b>6,660,635,823</b>

Notes on the following pages form part of these financial statements.

## Notes to the Financial Statements - 31 December 2008

### 1. Principal Activities of the Bank

The Bank's principal roles and responsibilities are as follows:

- (a) to achieve monetary stability;
- (b) to promote a stable financial system;
- (c) to ensure an efficient payment system;
- (d) to issue currency in Malaysia; and
- (e) to act as a banker and a financial adviser to the Federal Government.

### 2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies are consistently applied to both of the financial years presented, unless otherwise stated.

#### 2.1 Basis of Preparation of Financial Statements

- (a) These financial statements have been prepared in accordance with the Central Bank of Malaysia Act 1958 (Revised 1994) and applicable Malaysian Financial Reporting Standards (FRS) in as far as it is considered appropriate to the roles and responsibilities of the Bank. The Bank, having considered its responsibilities for the formulation and conduct of effective monetary policy, is of the opinion that, it is appropriate to differ, in some aspects, from the Malaysian FRS.
- (b) The preparation of the financial statements in conformity with the requirements of the Malaysian FRS requires management to use certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. Although these estimates are based on the management's best knowledge of current events and actions, the actual results could differ from those estimates.

#### 2.2 Measurement Base and Accrual Accounting

The financial statements have been prepared on the historical cost basis of accounting, with the revaluation of financial instruments that are held at fair value through profit and loss and on an accrual basis.

#### 2.3 Foreign Currency Translation

- (a) The financial statements have been prepared using Ringgit Malaysia, the currency of the primary economic environment in which the Bank operates.
- (b) Assets and liabilities in foreign currencies have been revalued into Ringgit Malaysia at rates of exchange prevailing on the balance sheet date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at rates of exchange prevailing on the value dates.
- (c) The International Reserves comprising Gold and Foreign Exchange, International Monetary Fund Reserve Position and Holdings of Special Drawing Rights as at 31 December 2008 was RM317,467.7 million equivalent to USD91,536 million.

#### 2.4 Gold, Securities and Investments

Gold, securities and investments are stated mainly at cost and provisions have been made for diminution in value as at 31 December 2008.

#### 2.5 Repurchase and Reverse-Repurchase Agreements

The amount borrowed under repurchase agreements is reported under 'Other Liabilities'. The amount lent under reverse-repurchase agreements is reported under 'Other Assets'. The difference between the amount received and amount paid under repurchase and reverse-repurchase agreements is recognised as interest expense and interest income on a straight-line basis, respectively.

#### 2.6 Net Profit

The net profit of the Bank has been appropriated in accordance with section 7 of the Central Bank of Malaysia Act 1958 and only realised gains are made available for dividend distribution.

### 3. Gold and Foreign Exchange

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Foreign Securities	282,566,246,554	239,672,351,872
Foreign Deposits	10,860,543,730	68,159,741,976
Balances with Other Central Banks, Bank for International Settlements (BIS) and International Monetary Fund (IMF)	3,592,893,233	6,603,359,274
Others	18,534,588,477	19,903,153,272
	<u>315,554,271,994</u>	<u>334,338,606,394</u>

### 4. Malaysian Government Papers

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Malaysian Government Securities	<u>2,525,239,300</u>	<u>2,468,203,632</u>

### 5. Deposits with Financial Institutions

Deposits with Financial Institutions comprise deposits placed by the Bank with financial institutions under section 30(1)(nn) and section 31B of the Central Bank of Malaysia Act 1958.

### 6. Loans and Advances

Loans and advances comprise mainly advances extended by the Bank to the participating institutions under section 30(1) of the Central Bank of Malaysia Act 1958.

### 7. Other Assets

Other assets include investments in shares and bonds of RM7,107,102,191 acquired under section 30(1)(j) and section 30(1)(oo)(i) of the Central Bank of Malaysia Act 1958.



8. **Deposits by Others**

A substantial part of these deposits comprises deposits from Federal Statutory Authorities.

9. **Allocation of Special Drawing Rights**

IMF member countries are allocated Special Drawing Rights (SDR) in proportion to their subscription to the IMF. The allocation represents a dormant liability of the Bank to the IMF, against which assets are received in SDR from the IMF. The net cumulation of the allocation was RM742,639,517 equivalent to SDR139,048,000.

10. **Other Liabilities**

Other liabilities include mainly placements by financial institutions under the repurchase agreements.

11. **Paid-up Capital**

The entire issued and paid-up capital of RM100 million is owned by the Government of Malaysia.

12. **General Reserve Fund**

	<b>2008</b> <b>RM</b>	<b>2007</b> <b>RM</b>
As at 1 January	10,799,678,929	9,362,550,221
Transfer from Net Profit	1,176,974,757	1,437,128,708
As at 31 December	11,976,653,686	10,799,678,929

13. **Other Reserves**

Other reserves comprise the Exchange Rate Fluctuation Reserve, Revaluation Reserve and the Contingency Reserve.

14. **Total Income**

Total income comprises revenue from foreign reserve management which includes interest and dividends, non-treasury income and is stated at net of amortisation/accretion of premiums/discounts and the monetary policy cost.

15. **Recurring Expenditure**

Recurring expenditure are expenses incurred in the management and administration of the day-to-day operations of the Bank.

16. **Development Expenditure**

Development expenditure are expenses incurred mainly to finance developmental and long term projects undertaken by the Bank that are in line with its principal roles and responsibilities.

17. **Transfer to Other Reserves**

This transfer is made in accordance with section 7(2) of the Central Bank of Malaysia Act 1958 and note 2.6.

### 18. **Contingent Liabilities**

Total contingent liabilities as at 31 December 2008 amounted to RM6,944,979,130. These comprise:

- (a) an amount of RM6,880,487,932 which represents the obligation of the Bank to pay in full, in SDR or other convertible currencies, the amount of Malaysia's quota in the IMF under the Articles of Agreement; and
- (b) an amount of RM64,491,198 which represents the uncalled portion of the 3,220 units of shares held by the Bank in Bank for International Settlements. The amount is based on the nominal value (SDR5,000) of the uncalled portion and SDR rate as at the balance sheet date.

### 19. **Income Tax**

The Bank is exempted from payment of income tax and supplementary income tax as set out in the Income Tax (Exemption) (No. 7) Order 1989.

