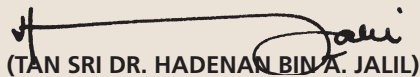


**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF BANK NEGARA MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2005**

I have audited the financial statements of Bank Negara Malaysia for the year ended 31 December 2005. 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 accordance 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 2005 and of the results of its operations for the year then ended in accordance with approved accounting standards.


(TAN SRI DR. HADENAN BIN A. JALIL)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
15 FEBRUARY 2006

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 2005 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

OH SIEW NAM

CHAIRMAN

DIRECTOR

15 FEBRUARY 2006
KUALA LUMPUR

15 FEBRUARY 2006
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 15 February 2006.)



Before me,



Suite 6.08C, 6th Floor, (Box No. 368)
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

Bank Negara Malaysia

Balance Sheet as at 31 December 2005

		2005	2004
		RM	RM
ASSETS			
Gold and Foreign Exchange	3	264,421,558,175	249,704,108,859
International Monetary Fund Reserve Position		1,186,337,566	3,068,374,430
Holdings of Special Drawing Rights		748,345,706	765,326,109
Malaysian Government Papers	4	961,013,021	221,100,747
Deposits with Financial Institutions		2,878,873,387	2,887,524,750
Loans and Advances	5	10,295,735,304	10,637,048,634
Other Assets	6	14,940,995,292	17,570,435,602
		<hr/>	<hr/>
Total Assets		295,432,858,451	284,853,919,131
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND CAPITAL			
Currency in Circulation		34,396,746,453	32,353,945,724
Deposits: Commercial Banks, Finance Companies and Merchant Banks		140,606,624,541	124,709,136,071
Federal Government		27,273,933,343	25,704,665,762
Others	7	4,297,159,874	4,884,385,498
Bank Negara Papers		20,347,587,398	16,877,443,819
Allocation of Special Drawing Rights	8	751,127,007	820,579,258
Other Liabilities	9	29,551,916,821	27,843,305,494
		<hr/>	<hr/>
Total Liabilities		257,225,095,437	233,193,461,626
		<hr/>	<hr/>
Authorised Capital	RM200,000,000		
Paid-up Capital	10	100,000,000	100,000,000
General Reserve Fund	11	8,103,080,465	6,742,117,315
Other Reserves	12	30,004,682,549	44,818,340,190
		<hr/>	<hr/>
Total Capital		38,207,763,014	51,660,457,505
		<hr/>	<hr/>
Total Liabilities and Capital		295,432,858,451	284,853,919,131
		<hr/> <hr/>	<hr/> <hr/>

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

Profit and Loss Statement for the Year Ended 31 December 2005

		2005 RM	2004 RM
Total Income	Note 13	4,989,023,000	3,427,026,087
Less:			
Recurring Expenditure	14	809,055,659	504,604,402
Development Expenditure	15	619,004,191	145,180,660
Total Expenditure		1,428,059,850	649,785,062
Net Profit		3,560,963,150	2,777,241,025

Profit and Loss Appropriation Statement for the Year Ended 31 December 2005

		2005 RM	2004 RM
Net Profit		3,560,963,150	2,777,241,025
Transfer to Other Reserves	16	1,000,000,000	700,000,000
Transfer to General Reserve Fund		1,360,963,150	877,241,025
Amount Payable to Federal Government		1,200,000,000	1,200,000,000
		3,560,963,150	2,777,241,025

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

Notes To The Financial Statements - 31 December 2005

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

(a) Gold, Securities and Investments

Gold, securities and investments are stated at cost and provisions have been made for diminution in value as at 31 December 2005.

(b) Foreign Currency Translation

Assets and liabilities in foreign currencies have been revalued into ringgit at rates of exchange ruling on the balance sheet date. Transactions in foreign currencies during the year have been translated into ringgit at rates of exchange ruling on value dates.

The International Reserves comprising Gold and Foreign Exchange, International Monetary Fund Reserve Position and Holdings of Special Drawing Rights at 31 December 2005 was RM266,356.2 million equivalent to USD70,489.3 million.

(c) 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.

3. Gold and Foreign Exchange

	2005	2004
	RM	RM
Foreign Securities	214,223,340,658	172,451,464,614
Foreign Deposits	30,954,385,954	55,869,780,871
Balances with Other Central Banks, Bank for International Settlements (BIS) and International Monetary Fund (IMF)	5,043,988,892	6,307,319,881
Others	14,199,842,671	15,075,543,493
	<u>264,421,558,175</u>	<u>249,704,108,859</u>

4. Malaysian Government Papers

	2005	2004
	RM	RM
Malaysian Government Securities	961,013,021	221,100,747

5. **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.

6. **Other Assets**

Other assets include investments in shares and bonds of RM14,421,797,503 acquired under section 30(1)(j) and section 30(1)(oo)(i) of the Central Bank of Malaysia Act 1958 and RM200 million for the establishment of Fund for Shariah Scholars in Islamic Finance.

7. **Deposits - Others**

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

8. **Allocation of Special Drawing Rights**

IMF member countries are allocated Special Drawing Rights (SDR) in proportion to their subscriptions 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 cumulative of the allocation was RM751,127,007 equivalent to SDR139,048,000.

9. **Other Liabilities**

Other liabilities include mainly placements by licensed banking institutions under repurchase agreements and accounts payables.

10. **Paid-up Capital**

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

11. **General Reserve Fund**

	2005	2004
	RM	RM
As at 1 January	6,742,117,315	5,864,876,290
Transfer from Net Profit	1,360,963,150	877,241,025
	<hr/>	<hr/>
As at 31 December	8,103,080,465	6,742,117,315
	<hr/> <hr/>	<hr/> <hr/>

12. **Other Reserves**

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

13. **Total Income**

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

14. **Recurring Expenditure**

Recurring expenditure are expenses incurred in managing and administering the day-to-day operations of the Bank. It includes currency and staff related cost. Currency related cost arising from the larger volume of notes printed and coins minted contributed significantly to the increased recurring expenditure in 2005.

15. **Development Expenditure**

Development expenditure are expenses incurred mainly to finance developmental and long term projects undertaken by the Bank in line with its strategies, principal roles and responsibilities. The higher development expenditure in year 2005 was mainly due to initial contributions of RM250 million for the establishment of BNM Medical Fund and RM200 million for the establishment of INCEIF Trust Fund to support the role of the international centre for education in Islamic finance.

16. **Transfer to Other Reserves**

This transfer is made in accordance with Section 7(2) of Central Bank Act 1958.

17. **Contingent Liabilities**

Total contingent liabilities as at 31 December 2005 amounted to RM7,042,957,192. These comprise:

(a) an amount of RM6,977,728,936 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 RM65,228,256 which represents the uncalled portion of the 3,220 units of shares held by the Bank in BIS. The amount is based on the nominal value (SDR5,000) of the uncalled portion and SDR rate as at the balance sheet date.

18. **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.