

# Bank Negara Malaysia

## Balance Sheet as at 31 December 2005

		<b>2005</b>	<b>2004</b>
		<b>RM</b>	<b>RM</b>
<b>ASSETS</b>			
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
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<b>Total Assets</b>		<b>295,432,858,451</b>	<b>284,853,919,131</b>
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<b>LIABILITIES AND CAPITAL</b>			
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
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<b>Total Liabilities</b>		<b>257,225,095,437</b>	<b>233,193,461,626</b>
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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
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<b>Total Capital</b>		<b>38,207,763,014</b>	<b>51,660,457,505</b>
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<b>Total Liabilities and Capital</b>		<b>295,432,858,451</b>	<b>284,853,919,131</b>
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Notes on the following pages form part of these financial statements.

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

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

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

		<b>2005 RM</b>	<b>2004 RM</b>
<b>Net Profit</b>		<b>3,560,963,150</b>	<b>2,777,241,025</b>
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
		<b>3,560,963,150</b>	<b>2,777,241,025</b>

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## 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

	<b>2005</b>	<b>2004</b>
	<b>RM</b>	<b>RM</b>
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

	<b>2005</b>	<b>2004</b>
	<b>RM</b>	<b>RM</b>
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**

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