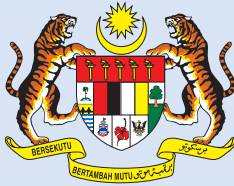


# Annual Accounts

Balance Sheets as at 31 December 2004





**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF BANK NEGARA MALAYSIA  
FOR THE YEAR ENDED 31 DECEMBER 2004**

I have audited the financial statements of Bank Negara Malaysia for the year ended 31 December 2004. 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 2004 and of the results of its operations for the year then ended in accordance with approved accounting standards.

  
(TAN SRI DR. HADENAN BINTI A. TALIL)

KETUA AUDIT NEGARA  
MALAYSIA

PUTRAJAYA  
8 MAR 2005

## 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 2004 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

2 MARCH 2005  
KUALA LUMPUR



**OH SIEW NAM**

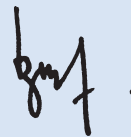
DIRECTOR

2 MARCH 2005  
KUALA LUMPUR

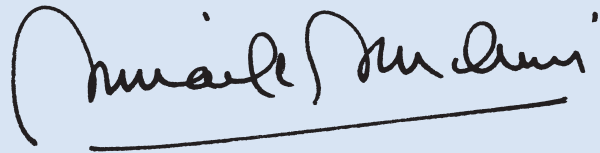
**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE  
FOR THE FINANCIAL MANAGEMENT OF BANK NEGARA MALAYSIA**

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 2 March 2005. )



Before me,



28th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur

# Bank Negara Malaysia

## Balance Sheet as at 31 December 2004

		2004 RM	2003 RM
<b>ASSETS</b>			
Gold and Foreign Exchange	3	249,704,108,859	166,139,324,237
International Monetary Fund Reserve Position		3,068,374,430	3,652,006,672
Holdings of Special Drawing Rights		765,326,109	684,961,188
Malaysian Government Papers	4	221,100,747	98,521,225
Deposits with Financial Institutions		2,887,524,750	2,893,714,989
Loans and Advances	5	10,637,048,634	8,946,108,379
Other Assets	6	17,570,435,602	18,418,020,354
<b>Total Assets</b>		<b>284,853,919,131</b>	<b>200,832,657,044</b>
<b>LIABILITIES AND CAPITAL</b>			
Currency in Circulation		32,353,945,724	29,445,445,674
Deposits: Commercial Banks, Finance Companies and Merchant Banks		124,709,136,071	98,498,572,386
Federal Government		25,704,665,762	4,905,179,432
Others	7	4,884,385,498	6,312,202,946
Bank Negara Papers		16,877,443,819	13,385,045,306
Allocation of Special Drawing Rights	8	820,579,258	785,160,395
Other Liabilities	9	27,843,305,494	5,093,884,077
<b>Total Liabilities</b>		<b>233,193,461,626</b>	<b>158,425,490,216</b>
Authorised Capital	RM200,000,000		
Paid-up Capital	10	100,000,000	100,000,000
General Reserve Fund	11	6,742,117,315	5,864,876,290
Other Reserves	12	44,818,340,190	36,442,290,538
<b>Total Capital</b>		<b>51,660,457,505</b>	<b>42,407,166,828</b>
<b>Total Liabilities and Capital</b>		<b>284,853,919,131</b>	<b>200,832,657,044</b>

## Profit and Loss Appropriation Account for the Year Ended 31 December 2004

	2004 RM	2003 RM
Net Profit	2,077,241,025	1,465,912,449
Transfer to General Reserve Fund	877,241,025	465,912,449
Amount Payable to Federal Government	1,200,000,000	1,000,000,000
	<b>2,077,241,025</b>	<b>1,465,912,449</b>

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

## Notes To The Financial Statements - 31 December 2004

### 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 2004.

#### (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 2004 was RM253,537.8 million equivalent to US\$66,720.5 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>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Foreign Securities	172,451,464,614	131,488,613,346
Foreign Deposits	55,869,780,871	20,113,541,612
Balances with Other Central Banks, Bank for International Settlements (BIS) and International Monetary Fund (IMF)	6,307,319,881	2,510,527,105
Others	15,075,543,493	12,026,642,174
	<u>249,704,108,859</u>	<u>166,139,324,237</u>

### 4. Malaysian Government Papers

	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Malaysian Government Securities	<u>221,100,747</u>	<u>98,521,225</u>

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 RM17,458,726,486 acquired under section 30(1)(j) and section 30(1)(oo)(i) of the Central Bank of Malaysia Act 1958.

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 RM820,579,258 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>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
As at 1 January	5,864,876,290	5,398,963,841
Transfer from Net Profit	877,241,025	465,912,449
	<hr/>	<hr/>
As at 31 December	6,742,117,315	5,864,876,290
	<hr/> <hr/>	<hr/> <hr/>

12. **Other Reserves**

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

13. **Contingent Liabilities**

Total contingent liabilities as at 31 December 2004 amounted to RM5,841,794,611. These comprise:

(a) an amount of RM5,775,403,749 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 RM66,390,862 which represents the uncalled portion of the 3,000 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.

14. **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.