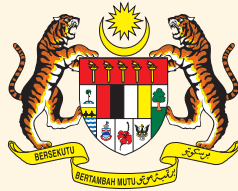


Balance Sheets as at 31 December 2003

Annual Accounts



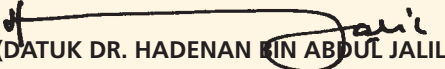


**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF BANK NEGARA MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2003**

I have audited the financial statements of Bank Negara Malaysia for the year ended 31 December 2003. 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 2003 and of the results of its operations for the year then ended in accordance with approved accounting standards.


(DATUK DR. HADENAN BIN ABDUL JALIL)
AUDITOR GENERAL

PUTRAJAYA
10 MARCH 2004

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 2003 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

5 MARCH 2004
KUALA LUMPUR



OH SIEW NAM

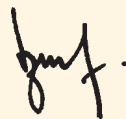
DIRECTOR

5 MARCH 2004
KUALA LUMPUR

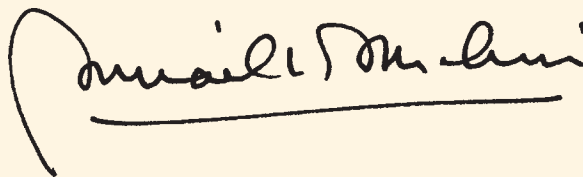
**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF BANK NEGARA MALAYSIA**

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 5 March 2004.)



Before me,



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

Bank Negara Malaysia

Balance Sheet as at 31 December 2003

LIABILITIES	Note	2003 RM	2002 RM
Authorised Capital		RM200,000,000	
Paid-up Capital	3	100,000,000	100,000,000
General Reserve Fund	4	5,864,876,290	5,398,963,841
Other Reserves	5	36,442,290,538	24,744,032,881
Currency in Circulation		29,445,445,674	27,137,417,900
Deposits:			
Commercial Banks, Finance Companies and Merchant Banks		98,498,572,386	69,864,345,027
Federal Government		4,905,179,432	13,827,163,949
Others	6	6,312,202,946	5,613,870,679
Bank Negara Papers		13,385,045,306	12,280,763,725
Allocation of Special Drawing Rights	7	785,160,395	718,346,440
Other Liabilities		5,093,884,077	2,512,656,290
		<u>200,832,657,044</u>	<u>162,197,560,732</u>

Profit and Loss Appropriation Account for the Year Ended 31 December 2003

	2003 RM	2002 RM
Transfer to General Reserve Fund	465,912,449	331,941,108
Amount Payable to Federal Government	1,000,000,000	500,000,000
	<u>1,465,912,449</u>	<u>831,941,108</u>

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

ASSETS	Note	2003 RM	2002 RM
Gold and Foreign Exchange	8	166,139,324,237	127,515,059,930
International Monetary Fund Reserve Position		3,652,006,672	3,315,547,927
Holdings of Special Drawing Rights		684,961,188	585,019,336
Malaysian Government Papers	9	98,521,225	29,384,948
Deposits with Financial Institutions		2,893,714,989	2,902,228,350
Loans and Advances		8,946,108,379	8,015,270,790
Deferred Expenditure	10	-	570,720,918
Other Assets	11	18,418,020,354	19,264,328,533
		<u>200,832,657,044</u>	<u>162,197,560,732</u>

	2003 RM	2002 RM
Net Profit	1,465,912,449	831,941,108
	<u>1,465,912,449</u>	<u>831,941,108</u>

Notes To The Financial Statements - 31 December 2003

1. Principal Activities of the Bank

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

- (a) achieving monetary stability;
- (b) promoting a stable financial system;
- (c) ensuring an efficient payment system;
- (d) issuing currency in Malaysia; and
- (e) acting 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 2003.

(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 2003 was RM170,476.3 million equivalent to US\$44,862.2 million.

3. Paid-up Capital

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

4. General Reserve Fund

	2003	2002
	RM	RM
As at 1 January	5,398,963,841	5,067,022,733
Transfer from Net Profit	465,912,449	331,941,108
	<hr/>	<hr/>
As at 31 December	5,864,876,290	5,398,963,841
	<hr/> <hr/>	<hr/> <hr/>

5. Other Reserves

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

6. Deposits - Others

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

7. Allocation of Special Drawing Rights

International Monetary Fund (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 RM785,160,395 equivalent to SDR139,048,000.

8. **Gold and Foreign Exchange**

	2003	2002
	RM	RM
Foreign Securities	131,488,613,346	100,151,230,400
Foreign Deposits	20,113,541,612	14,195,692,918
Balances with Other Central Banks, Bank for International Settlements (BIS) and IMF	2,510,527,105	2,696,527,431
Others	12,026,642,174	10,471,609,181
	<hr/> <hr/>	<hr/> <hr/>
	166,139,324,237	127,515,059,930
	<hr/> <hr/>	<hr/> <hr/>

9. **Malaysian Government Papers**

	2003	2002
	RM	RM
Malaysian Government Securities	98,521,225	29,384,948
	<hr/> <hr/>	<hr/> <hr/>

10. **Deferred Expenditure**

This represents the net deficiency arising from foreign exchange transactions in 1993. The Government has undertaken to make good this deficiency as and when required to do so by the Bank. As at 31 December 2003, the amount has been fully amortised over a period of 10 years beginning from 1994.

11. **Other Assets**

Other assets include investments in shares and bonds of RM18,306,865,784 acquired under section 30(1)(j) and section 30(1)(oo)(i) of the Central Bank of Malaysia Act 1958 (Revised - 1994).

12. **Contingent Liabilities**

Total contingent liabilities as at 31 December 2003 amounted to RM5,128,030,073. These comprise:

- (a) an amount of RM5,045,320,650 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 RM82,709,423 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 (in gold francs) of the uncalled portion and gold price as at the balance sheet date.

13. **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.

