

Bank Negara Malaysia

Annual Accounts



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE ACCOUNTS OF BANK NEGARA MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 1998**

The Balance Sheet and Profit and Loss Appropriation Account together with the Notes thereto have been examined under my direction in accordance with the Audit Act 1957, in conformity with generally accepted auditing standards.

2. In my opinion:

- (a) the Balance Sheet and Profit and Loss Appropriation Account together with the Notes thereto give a true and fair view of the state of financial affairs of Bank Negara Malaysia as at 31 December 1998 and of its transactions for the year ended on that date; and
- (b) the accounting records and other relevant registers have been maintained satisfactorily.

**(DATUK HJ. MOHD. KHALIL BIN DATO' HJ. MOHD. NOOR)
AUDITOR GENERAL**

KUALA LUMPUR
11 MARCH 1999

STATEMENT BY DIRECTORS

We, Tan Sri Dato' Seri Ali Abul Hassan bin Sulaiman and Dato' Muhammad Ali bin Hashim, being the Chairman and one of the Directors of Bank Negara Malaysia, do hereby state that in the opinion of the Board, the accompanying Balance Sheet and Profit and Loss Appropriation Account together with the Notes thereto, 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 1998 and of the results of operations for the year ended on that date.

On behalf of the Board,

On behalf of the Board,

**TAN SRI DATO' SERI ALI ABUL
HASSAN BIN SULAIMAN
CHAIRMAN**

**DATO' MUHAMMAD ALI BIN HASHIM
DIRECTOR**

8 MARCH 1999
KUALA LUMPUR

8 MARCH 1999
KUALA LUMPUR

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

I, Azizan bin Haji Abd. Rahman, being the officer primarily responsible for the accounts of Bank Negara Malaysia, do solemnly and sincerely declare that the accompanying Balance Sheet and Profit and Loss Appropriation Account together with the Notes thereto, 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 8th day of March 1999.)

Before me,

Bank Negara Malaysia

Balance Sheet as at 31 December 1998

			1998 RM	1997 RM
LIABILITIES	Note			
Authorised Capital		RM200,000,000		
Paid-up Capital	2		100,000,000	100,000,000
General Reserve Fund	3		3,580,341,905	3,212,432,101
Other Reserves	4		28,342,866,826	42,866,826
Currency in Circulation			20,547,397,698	24,532,291,528
Deposits:				
Commercial Banks, Finance Companies and Merchant Banks			34,650,553,608	65,197,644,636
Federal Government			25,281,306,084	10,545,338,219
Others	5		9,079,320,115	2,319,999,930
Bank Negara Bills/Bonds			3,760,100	909,007,218
Allocation of Special Drawing Rights	6		743,978,271	505,441,566
Other Liabilities			2,380,298,386	1,555,975,153
			<u>124,709,822,993</u>	<u>108,920,997,177</u>

Profit and Loss Appropriation Account for the Year Ended 31 December 1998

	1998 RM	1997 RM
Transfer to General Reserve Fund	367,909,804	228,238,857
Amount Payable to Federal Government	1,000,000,000	-
	<u>1,367,909,804</u>	<u>228,238,857</u>

Notes on the following pages form part of these accounts.

ASSETS	Note	1998 RM	1997 RM
Gold and Foreign Exchange		96,264,938,326	57,032,062,797
International Monetary Fund Reserve Position		2,379,240,022	1,621,972,139
Holdings of Special Drawing Rights		793,875,612	478,938,730
Malaysian Government Papers	7	1,072,364,460	3,728,653,214
Bills Discounted	8	–	969,314,280
Deposits with Financial Institutions		2,512,101,000	27,798,225,000
Loans and Advances		5,773,389,590	4,694,094,121
Deferred Expenditure	9	2,853,604,578	3,424,325,493
Other Assets	10	13,060,309,405	9,173,411,403
		<u>124,709,822,993</u>	<u>108,920,997,177</u>

	1998 RM	1997 RM
Net Operating Profit	1,367,909,804	228,238,857
	<u>1,367,909,804</u>	<u>228,238,857</u>

Notes To The Accounts - 31 December 1998

1. 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 1998.

(b) Foreign Currency Translation

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

In 1997, the foreign exchange gain on the balance sheet date was not recognised in the Bank's account, in view of the volatility of the exchange rates during that year. However, arising from the fixing of ringgit/US dollar exchange rate at RM3.80 in September 1998, all assets and liabilities in foreign currencies have been revalued into ringgit at rates of exchange ruling on the balance sheet date and the cumulative gain has been reflected accordingly in the Bank's current year account.

The US dollar equivalent of the International Reserves comprising Gold and Foreign Exchange, International Monetary Fund Reserve Position and Holdings of Special Drawing Rights as at 31 December 1998 was US\$26,167.9 million.

2. Paid-up Capital

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

3. General Reserve Fund

	1998 RM	1997 RM
As at 1 January	3,212,432,101	2,984,193,244
Net Operating Profit	367,909,804	228,238,857
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As at 31 December	3,580,341,905	3,212,432,101
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4. Other Reserves

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

5. Deposits - Others

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

6. 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 in SDR amounted to SDR139,048,000.

7. Malaysian Government Papers

	1998 RM	1997 RM
Malaysian Government Securities	132,549,460	2,107,720,200
Malaysian Treasury Bills	–	33,143,014
Government Investment Certificates	939,815,000	1,587,790,000
	<u>1,072,364,460</u>	<u>3,728,653,214</u>

8. Bills Discounted

	1998 RM	1997 RM
Bills rediscounted under export credit refinancing scheme	–	969,314,280
	<u>–</u>	<u>969,314,280</u>

9. 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. The amount outstanding is being amortised over a period of 10 years, beginning from 1994.

10. Other Assets

Other assets include investments in shares and bonds of RM12,463,620,502 acquired under section 30(1)(j) and section 30(1)(oo)(i) of the Central Bank of Malaysia Act 1958 (Revised-1994).

11. Contingent Liabilities

Total contingent liabilities as at 31 December 1998 amounted to RM1,952,454,553, 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.